AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON _____, 2001

REGISTRATION NO. 333-_____

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

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BROWN & 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)

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220 South Ridgewood Avenue
Daytona Beach, Florida 32114
(386) 252-9601
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Laurel L. Grammig, Esq.
Vice President, Secretary and General Counsel
Brown & Brown, Inc.
401 East Jackson Street, Suite 1700
Tampa, Florida 33602
(813) 222-4100

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

Copies to:
Chester E. Bacheller, Esq.
Holland & Knight LLP
400 North Ashley Drive
Suite 2300
(813) 227-8500

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this Registration Statement, as determined by market conditions.

If the only securities being registered on this form are being offered pursuant to dividend reinvestment plans, please check the following box. ____

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. X

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(c) 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 delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ____

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Aggregate Offering Price Per Share (1)**	**Proposed Maximum Aggregate Offering Price (1)**	**Amount of Registration Fee**
Common Stock, $.10 par value (2)	996,248	$46.875	$46,699,125	$11,675
Common Stock Purchase Rights (3)				

(1) Estimated solely for the purpose of computing the registration fee required by Section 6(b) of the Securities Act and computed pursuant to Rule 457(c) under the Securities Act. Based upon the average of high and low prices of the common stock reported on the New York Stock Exchange for September 24, 2001.

(2) Outstanding shares held by certain selling shareholders.

(3) Each share of common stock is accompanied by a common stock purchase right pursuant to a Rights Agreement, dated as of July 30, 1999, between the Registrant and First Union National Bank, as rights agent.

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 THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Subject to Completion, Dated September 28, 2001

PROSPECTUS

996,248 SHARES

BROWN & BROWN, INC.

Common Stock

These shares of common stock are being sold by the selling shareholders listed on page 9.

Brown & Brown's common stock is traded on the New York Stock Exchange under the symbol "BRO." The last reported sale price on September 27, 2001 was $49.90 per share.

Investing in these securities involves risks. See "Risk Factors" beginning on page 3 of this Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 28, 2001.

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THIS OFFERING

Q. WHAT IS THE PURPOSE OF THIS OFFERING?

A. The purpose of this offering is to register the resale of common stock received by the selling shareholders in connection with the acquisitions by Brown & Brown of The Young Agency, Inc., a New York corporation; Layne & Associates, Ltd., a Nevada corporation; Agency of Insurance Professionals, Inc., an Oklahoma corporation; CompVantage Insurance Agency, LLC, an Oklahoma limited liability company; Agency of Indian Programs Insurance, LLC, an Oklahoma limited liability company; The Connelly Insurance Group, Inc., a Florida corporation; and The Benefit Group, Inc., a Florida corporation. Selling shareholders are required to deliver a copy of this prospectus in connection with any sale of shares.

Q. ARE THE SELLING SHAREHOLDERS REQUIRED TO SELL THEIR SHARES OF BROWN & BROWN COMMON STOCK?

A. No. The selling shareholders are not required to sell their shares of common stock.

Q. HOW LONG WILL THE SELLING SHAREHOLDERS BE ABLE TO USE THIS PROSPECTUS?

A. Under the terms of each of the respective stock purchase agreements between Brown & Brown and the selling shareholders, Brown & Brown agreed to keep this prospectus effective for a period expiring on the earlier of (1) the date on which all of the selling shareholders' shares have been sold, (2) the date on which all such shares are eligible for sale pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act") or (3) one year from the closing date of the acquisition in which the selling shareholder received such shares. After that, the selling shareholders will no longer be able to use this prospectus to sell their shares.

ABOUT BROWN & BROWN

We are a diversified insurance brokerage and agency that markets and sells primarily property and casualty insurance products and services to its clients. Because we do not engage in underwriting activities, we do not assume underwriting risks. Instead, we act in an agency capacity to provide our clients with targeted, customized risk management products.

As of December 31, 2000, our activities were conducted in 39 locations in 12 states; however, with the acquisitions consummated from January 1, 2001 through September 18, 2001, we currently have 116 locations in 27 states. Of the 116 locations, 31 are in Florida; 19 in New York; nine in Virginia; eight in Minnesota; seven in Louisiana; five in Colorado; four in South Carolina; three each in Arizona, Georgia, New Mexico and North Dakota; two each in California, Michigan, Nevada, New Jersey and Texas; and one each in Connecticut, Indiana, Iowa, Missouri, Ohio, Oklahoma, Pennsylvania, Tennessee, West Virginia, Wisconsin, and Wyoming.

Our business is divided into four divisions: (i) the Retail Division; (ii) the National Programs Division; (iii) the Service Division; and (iv) the Brokerage Division. The Retail Division is composed of Brown & Brown employees who market and sell a broad range of insurance products to insureds. The National Programs Division works with underwriters to develop proprietary insurance programs for specific niche markets. These programs are marketed and sold primarily through independent agencies and agents across the United States. We receive an override on the commissions generated by these independent agencies. The Service Division provides insurance-related services such as third-party administration and consultation for workers' compensation and employee benefit markets. The Brokerage Division markets and sells excess and surplus commercial insurance, as well as certain niche programs, primarily through independent agents. For the fiscal year ended December 31, 2000, we achieved commission and fee revenues of approximately $204.9 million.

RECENT DEVELOPMENTS

From January 1, 2001 through September 18, 2001, we have acquired insurance agencies based in Tampa, Florida; Rochester, New York; Lafayette, Louisiana; Phoenix, Arizona (2); Thousand Oaks, California; Rome, New York; Titusville, Florida; Manassas, Virginia; Tallahassee, Florida; Syracuse, New York; St. Louis, Missouri; Roswell, New Mexico; Deerfield Beach, Florida; Las Vegas, Nevada; Newington, Connecticut; Pryor, Oklahoma; Orlando, Florida; Clearwater, Florida; St. Petersburg, Florida; Wheat Ridge, Colorado; and Salem, Virginia. On January 3, 2001, we completed the acquisition of all of the insurance agency business-related assets of Riedman Corporation, headquartered in Rochester, New York with offices located in 13 states.

For other recent developments, we refer you to our most recent and future filings under the Securities Exchange Act of 1934.

Our principal executive offices are located at 220 South Ridgewood Avenue, Daytona Beach, Florida 32114, and 401 East Jackson Street, Suite 1700, Tampa, Florida 33602, and our telephone numbers at those addresses are (386) 252-9601 and (813) 222-4100, respectively. Our website is located at http://www.bbinsurance.com. Information contained in our website is not a part of this document.

RISK FACTORS

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 fourth quarter of 2000. 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 39.2%, 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 7.4% 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® 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 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 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.

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.

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 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® and Professional Protector Plan® 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 other certain 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 have an adverse effect on our operations.

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 transaction 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.

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 and override 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.

FORWARD-LOOKING STATEMENTS

We make "forward-looking statements" within the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995 throughout this prospectus and in the documents we incorporate by reference into this prospectus. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate," "plan" and "continue" or similar words. We have based these statements on our current expectations about future events. Although we believe that our expectations reflected in or suggested by our forward-looking statements are reasonable, our actual results may differ materially from what we currently expect. Important factors which could cause our actual results to differ materially from the forward-looking statements in this prospectus or in the documents that we incorporate by reference into this prospectus include:

- material adverse changes in economic conditions in the markets we serve;
- future regulatory actions and conditions in the states in which we conduct our business;
- competition from others in the insurance agency business;
- the integration of our operations with those of businesses or assets we have acquired or may acquire in the future and the failure to realize the expected benefits of such integration; and
- other risks and uncertainties as may be detailed from time to time in our public announcements and Securities and Exchange Commission filings.

You should read this prospectus and the documents that we incorporate by reference into this 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.

SELLING SHAREHOLDERS

The selling shareholders listed below received their shares of Brown & Brown common stock in connection with the acquisitions by Brown & Brown of all of the outstanding capital stock of The Young Agency, Inc., located in Syracuse, New York, on May 4, 2001; Layne & Associates, Ltd., located in Las Vegas, Nevada, on July 3, 2001; Agency of Insurance Professionals, Inc., located in Pryor, Oklahoma, on July 19, 2001; CompVantage Insurance Agency, LLC, located in Pryor, Oklahoma, on July 19, 2001; Agency of Indian Programs Insurance, LLC, located in Pryor, Oklahoma, on July 19, 2001; The Connelly Insurance Group, Inc., located in Clearwater, Florida, on August 1, 2001; and The Benefit Group, Inc., located in St. Petersburg, Florida, on August 1, 2001. The information included below is based upon information provided by the selling shareholders as

of the date of this prospectus. Because the selling shareholders may offer all, some, or none of their shares of common stock offered under this prospectus, no definite estimate as to the number of shares of common stock or the percentage thereof that will be held by the selling shareholders after such offering can be provided and the following table has been prepared on the assumption that all shares of common stock offered under this prospectus will be sold. The selling shareholders are required to deliver a copy of this prospectus in connection with any sale of shares.

Prior to Brown & Brown's acquisition of the outstanding capital stock of each of the above-referenced agencies, none of the selling shareholders has or had any position, office or material relationship with Brown & Brown or any of its affiliates during the past three years.

Selling Shareholder	Position with Brown & Brown	Shares Beneficially Owned	Shares Which May Be Sold Pursuant To This Prospectus	Shares Beneficially Owned After Offering	
				Number	Percent
Robert D. Young	Employee	112,514	112,514	0	*
Donald T. Cullen	Employee	107,429	107,429	0	*
Robert S. Messina	Employee	89,543	89,543	0	*
G. David Hall	Employee	30,114	30,144	0	*
Roy S. Moore, III	Employee	231,829	231,829	0	*
Robert Bruce Layne	Employee	204,992	204,992	0	*
Randall V. Capurro	Employee	36,175	36,175	0	*
William D. Evans	Employee	51,957	51,957	0	*
John C. Hawkins	Employee	51,958	51,958	0	*
Robert W. Shearer	Employee	16,219	16,219	0	*
John P. Connelly	Employee	224,102	44,820	179,282	*
Kevin J. Connelly	Employee	33,486	6,697	26,789	*
Donald J. Volpe	Employee	59,854	11,971	47,883	*

* less than 1%.

PLAN OF DISTRIBUTION

Brown & Brown is registering the shares on behalf of the selling shareholders. References in this section to selling shareholders also include any permitted pledgees, donees or transferees identified in a supplement to this prospectus, if necessary. The common stock covered by this prospectus may be offered and sold from time to time by the selling shareholders, including in one or more of the following transactions:

- on the New York Stock Exchange;
- in transactions other than on the New York Stock Exchange;
- in connection with "short sales";
- by pledge to secure debts and other obligations;
- in connection with the writing of options, in hedge transactions and in settlement of other transactions in standardized or over-the-counter options;
- in a combination of any of the above transactions; or
- Pursuant to Rule 144 under the Securities Act, assuming the availability of an exemption from registration.

The selling shareholders may sell their shares at market prices prevailing at the time of sale, at prices related to prevailing market prices, at negotiated prices or at fixed prices.

Broker-dealers that are used to sell shares will either receive discounts or commissions from the selling shareholders, or will receive commissions from the purchasers for whom they acted as agents.

The sale of common stock by the selling shareholders is subject to compliance by the selling shareholders with certain contractual restrictions with Brown & Brown, including those contained in each of the respective stock purchase agreements between Brown & Brown and the selling shareholders. There can be no assurance that the selling shareholders will sell all or any of the common stock.

Brown & Brown has agreed to keep this prospectus effective for a period expiring on the earlier of (1) the date on which all of the selling shareholders' shares have been sold, (2) the date on which all such shares are eligible for sale pursuant to Rule 144 under the Securities Act, or (3) one year from the closing date of the acquisition in which the selling shareholders received such shares. Brown & Brown intends to de-register any of the common stock not sold by the selling shareholders immediately after the

expiration of such period. After such period, the selling shareholders will no longer be able to use this prospectus to sell their shares.

Brown & Brown and the selling shareholders have agreed to customary indemnification obligations with respect to the sale of common stock by use of this prospectus.

LEGAL MATTERS

Certain legal matters with respect to the validity of the shares offered hereby will be passed upon for Brown & Brown by Holland & Knight LLP, Tampa, Florida.

EXPERTS

The financial statements of Brown & Brown incorporated by reference in this prospectus and elsewhere in the registration statement have been audited by Arthur Andersen LLP, independent certified public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

The financial statements of Riedman Insurance (a division of Riedman Corporation) incorporated by reference in this prospectus and elsewhere in the registration statement have been audited by KPMG LLP, independent certified public accountants, as indicated in their report with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said report.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Those reports, proxy statements and other information may be obtained:

At the Public Reference Room of the SEC, Room 1024 - Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549;

At the public reference facilities at the SEC's regional offices located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661;

From the SEC, Public Reference Section, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549;

At the offices of The New York Stock Exchange, 20 Broad Street, New York, New York 10005; and

From the Internet site maintained by the SEC at http://www.sec.gov, which contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Some locations may charge prescribed or modest fees for copies.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the following documents:

- Annual Report on Form 10-K for the year ended December 31, 2000 (including information specifically incorporated by reference into our Form 10-K from our definitive Proxy Statement).
- Amendment to Annual Report on Form 10-K/A, filed with the SEC on March 27, 2001.
- Current Report on Form 8-K, filed with the SEC on January 18, 2001.
- Amendment to Current Report on Form 8-K/A, filed with the SEC on March 19, 2001.
- Amendment No. 2 to Current Report on Form 8-K/A, filed with the SEC on March 23, 2001.
- Quarterly Report on Form 10-Q for the three-month period ended March 31, 2001, filed with the SEC on May 15, 2001.

The description of Brown & Brown's common stock contained in Brown & Brown's registration statement on Form 8-A filed on November 17, 1997, pursuant to Section 12(b) of the Securities and Exchange Act of 1934.

The description of Brown & Brown's Common Stock Purchase Rights contained in the registration statement on Form 8-A filed on August 2, 1999.

All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 shall be deemed to be incorporated by reference in this prospectus and to be part hereof from the date of filing of such documents.

All documents filed by the Registrant after the date of filing the initial registration statement on Form S-3, of which this prospectus is a part, and prior to the effectiveness of such registration statement pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 shall be deemed to be incorporated by reference into this prospectus and to be part hereof from the date of filing of such documents.

Quarterly Report on Form 10-Q for the six-month period ended June 30, 2001, filed with the SEC on August 8, 2001.

On request we will provide at no cost to each person, including any beneficial owner who receives a copy of this prospectus, a copy of any or all of the documents incorporated in this prospectus by reference. We will not provide exhibits to any such documents, however, unless such exhibits are specifically incorporated by reference into those documents. Written or telephone requests for such copies should be addressed to Brown & Brown's executive offices in Tampa, Florida, Attention: Corporate Secretary.

996,248 Shares

BROWN & BROWN, INC.

Common Stock

PROSPECTUS

September _____, 2001

Part II

Information Not Required In Prospectus

Item 14. Other Expenses of Issuance and Distribution.

Set forth below is the Securities and Exchange Commission Registration Fee and an estimate of the other fees and expenses payable by the Registrant in connection with the registration and sale of the securities being registered:

Securities and Exchange Commission Registration Fee	$11,675.00
Legal Fees and Expenses	10,000.00
Accounting Fees and Expenses	2,000.00
Printing, Engraving and Mailing Expenses	20.00
Total	23,685.00

Item 15. Indemnification of Directors and Officers.

The Registrant is a Florida corporation. Reference is made to Section 607.0850 of the Florida Business Corporation Act, which permits, and in some cases requires, indemnification of directors, officers, employees, and agents of Registrant, under certain circumstances and subject to certain limitations.

Under Article VII of the Registrant's Bylaws, the Registrant is required to indemnify its officers

and directors, and officers and directors of certain other corporations serving as such at the request of the Registrant, against all costs and liabilities incurred by such persons by reason of their having been an officer or director of the Registrant or such other corporation, provided that such indemnification shall not apply with respect to any matter as to which such officer or director shall be finally adjudged to have been individually guilty of gross negligence or willful malfeasance in the performance of his or her duties as a director or officer, and provided further that the indemnification shall, with respect to any settlement of any suit, proceeding, or claim, include reimbursement of any amounts paid and expenses reasonably incurred in settling any such suit, proceeding, or claim when, in the judgment of the Board of Directors, such settlement and reimbursement appeared to be in the best interests of the Registrant.

The Registrant has purchased insurance with respect to, among other things, liabilities that may arise under the statutory provisions referred to above.

The general effect of the foregoing provisions may be to reduce the circumstances in which an officer or director may be required to bear the economic burden of the foregoing liabilities and expense.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits:

Exhibit Number	Description
5.1	Opinion of Holland & Knight LLP.
10.1	Stock Purchase Agreement, dated as of May 4, 2001, among the Registrant and the shareholders of The Young Agency, Inc.
10.2	Agreement and Plan of Merger, dated as of July 3, 2001, among the Registrant and the shareholders of Layne & Associates, Ltd.
10.3	Agreement and Plan of Merger, dated as of July 16, 2001, among the Registrant and the shareholders of Agency of Insurance Professionals, Inc.
10.4	Agreement and Plan of Merger, dated as of July 16, 2001, among the Registrant and the members of CompVantage Insurance Agency, LLC and Agency of Indian Insurance Programs, LLC.
10.5	Stock Purchase Agreement, dated as of August 1, 2001, among the Registrant and the shareholders of The Connelly Insurance Group, Inc.
10.6	Stock Purchase Agreement, dated as of August 1, 2001, among the Registrant and the shareholder of The Benefit Group, Inc.
23.1	Consent of Arthur Andersen LLP, independent auditors of the Registrant.
23.2	Consent of KPMG LLP, independent auditors of Riedman Insurance (a division of Riedman Corporation).
23.3	Consent of Holland & Knight LLP (included in Exhibit 5.1).
24.1	Powers of Attorney pursuant to which this Form S-3 has been signed on behalf of certain directors and officers of the Registrant.

Item 17. Undertakings

The undersigned Registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act,

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement,

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs 1(i) and 1(ii) do not apply if the information required to be included in a post-effective amendment by such clauses is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

- That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

- To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

- That, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to its Certificate of Incorporation, Bylaws, by agreement or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Daytona Beach, State of Florida, on September 28, 2001.

BROWN & BROWN, INC.

By: *

J. Hyatt Brown
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on September 28, 2001.

Signature	Title
*	Chairman of the Board, President and
J. Hyatt Brown	Chief Executive Officer
	(Principal Executive Officer)
*	Vice President, Treasurer and
Cory T. Walker	Chief Financial Officer (Principal Financial and Accounting Officer)
*	Executive Vice President,
Jim W. Henderson	Assistant Treasurer and Director
*	Director
Samuel P. Bell, III	
*	Director
Bradley Currey, Jr.	
*	Director
David H. Hughes	
*	Director
Theodore J. Hoepner	
*	Director
Toni Jennings	
*	Director
John R. Riedman	
*	Director
Jan E. Smith	

*By: /S/ LAUREL L. GRAMMIG
Laurel L. Grammig
Attorney-in-Fact

Exhibit Index

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10.3	Agreement and Plan of Merger, dated as of July 16, 2001, among the Registrant and the shareholders of Agency of Insurance Professionals, Inc.
10.4	Agreement and Plan of Merger, dated as of July 16, 2001, among the Registrant and the members of CompVantage Insurance Agency, LLC and Agency of Indian Insurance Programs, LLC.
10.5	Stock Purchase Agreement, dated as of August 1, 2001, among the Registrant and the shareholders of The Connelly Insurance Group, Inc.
10.6	Stock Purchase Agreement, dated as of August 1, 2001, among the Registrant and the shareholder of The Benefit Group, Inc.
23.1	Consent of Arthur Andersen LLP, independent auditors of the Registrant.
23.2	Consent of KPMG LLP, independent auditors of Riedman Insurance (a division of Riedman Corporation).
23.3	Consent of Holland & Knight LLP (included in Exhibit 5.1).
24.1	Powers of Attorney pursuant to which this Form S-3 has been signed on behalf of certain directors and officers of the Registrant.

EXHIBIT 5.1

September 28, 2001

Brown & Brown, Inc.

220 South Ridgewood Avenue

Daytona Beach, Florida 32114

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We refer to the Registration Statement (the "Registration Statement") on Form S-3, filed by Brown & Brown, Inc., a Florida corporation (the "Company") with the Securities and Exchange Commission for the purpose of registering under the Securities Act of 1933 (the "Securities Act") an aggregate amount of 996,248 shares (the "Shares") of authorized common stock, par value $.10 per share, of the Company being offered for sale for the benefit of the selling stockholders named in the Registration Statement. We understand that the Shares are to be sold from time to time on the New York Stock Exchange at prevailing prices or as otherwise described in the Registration Statement.

In connection with the above registration, we have acted as counsel for the Company, and have examined originals, or copies certified to our satisfaction, of all such corporate records of the Company, certificates of public officials and representatives of the Company, and other documents as we deemed necessary to require as a basis for the opinion expressed below.

Based upon the foregoing, and having regard for legal considerations that we deem relevant, it is our opinion that the Shares are duly authorized, legally issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the reference to this firm under the caption "Legal Matters" contained in the prospectus filed as part of the Registration Statement, and any amendments thereto. In giving such consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

Very truly yours,

/s/ Holland & Knight LLP

HOLLAND & KNIGHT LLP

TPA1 #1169674 v1

EXHIBIT 10.1

STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT,** dated as of May 4, 2001 (this "Agreement"), is made and entered into by and among **BROWN & Brown, Inc.**, a Florida corporation ("Buyer"), and **ROY S. MOORE, III,** a resident of the State of New York, **G. DAVID HALL,** a resident of the State of New York, **ROBERT D. YOUNG,** a resident of the State of New York, **DONALD T. CULLEN,** a resident of the State of New York and **ROBERT S. MESSINA**, a resident of the State of New York (each a "Shareholder" and collectively, the "Shareholders").

Background

The Shareholders own all of the issued and outstanding capital stock of The Young Agency, Inc., a New York corporation (the "Company"). The Company is engaged primarily in the insurance agency business in Syracuse, New York. The Shareholders wish to sell all of the outstanding shares of the Company to Buyer, and Buyer desires to acquire such shares, upon the terms and conditions expressed in this Agreement. It is the intent of the parties hereto that the transactions contemplated in this Agreement be treated as a pooling-of-interests transaction for accounting purposes and as a tax-free reorganization as described in Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

THEREFORE, in consideration of the respective representations, warranties, covenants and agreements set forth herein, the parties agree as follow:

Article 1

The Acquisition

Section 1.1 ***Purchase and Sale of Shares***. On and subject to the terms and conditions of this Agreement, Buyer agrees to purchase 1,915 shares of common stock of the Company without par value (the "Company Shares"), from the Shareholders, and the Shareholders agree to sell all of the Company Shares to Buyer, free and clear of all liens and encumbrances. The Company Shares constitute all of the issued and outstanding shares of capital stock of the Company. The Company Shares shall be sold to Buyer for the consideration specified in **Section 1.2**.

Section 1.2 ***Consideration***. The consideration for the Company Shares shall be the issuance of shares of common stock of Buyer to the Shareholders. The aggregate number of shares of common stock of Buyer to be issued to the Shareholders (the "Buyer Shares") shall be 571,429, which is equal to (A) $20,000,000.00 divided by (B) $35.00 (the "Average Price") rounded up or down to the nearest whole Buyer Share.

Section 1.3 ***Delivery of Buyer Shares*.** (a) The Buyer Shares shall be issued to the Shareholders as follows:

(i) 57,143 shares, which equals ten percent (10%) of the aggregate number Buyer Shares issued to the Shareholders (the "Pledged Shares") shall be pledged to Buyer as partial security for the indemnification obligations of the Shareholders under **Article 8** hereof. These Pledged Shares, subject to any reduction in number as may be necessary to satisfy the Shareholders' indemnification obligations, shall be delivered to the Shareholders promptly after the one (1) year anniversary of the Closing Date (the "Anniversary Date"), in accordance with the terms of the Pledge Agreement attached hereto as Exhibit 2.2(a)(iii).

(ii) 66,350 shares (the "Accounts Receivable Shares"), which equals (A) the aggregate dollar value of the Company's accounts receivable aged over fifty-nine (59) days as of the Closing Date (as set forth in Schedule 3.9(e)), less $355,000 reserved for doubtful accounts (the "Aged Accounts Receivable") divided by (B) the Average Price, shall be pledged to Buyer as security for the collection of such Aged Accounts Receivable and, subject to any reduction in number equal to the aggregate dollar value of such Aged Accounts Receivable that remain uncollected as of the Anniversary Date, shall be delivered to the Shareholders promptly after the Anniversary Date, in accordance with the terms of the Pledge Agreement attached hereto as Exhibit 2.2(a)(iii). Buyer shall assign to the Shareholders any such Aged Accounts Receivable that remain uncollected as of the Anniversary Date, in accordance with the terms of the Pledge Agreement attached hereto as Exhibit 2.2(a)(iii).

(iii) The remainder of the Buyer Shares shall be delivered to the Shareholders at the Closing (as defined in **Section 2.1** hereof). Of the total number of Buyer Shares to be issued to the Shareholders under **Section 1.2(a)**, (A) forty and ninety-seven one-hundredths percent (40.57%) will be issued to Roy S. Moore III, (B) nineteen and sixty-nine one-hundredths percent (19.69%) will be issued to Robert D. Young, (C) eighteen and eight one-hundredths percent (18.8%) shares will be issued to Donald T. Cullen, and (D) fifteen and sixty-seven one-hundredths percent (15.67%) will be issued to Robert S. Messina, and (E) five and twenty-seven one-hundredths percent (5.27%) will be issued to G. David Hall, in each case rounded up or down to the nearest whole Buyer Share.

(b) The parties agree that the dollar value of each Buyer Share shall be the Average Price for all purposes in determining (i) the number of Buyer Shares to be issued under **Section 1.2** hereof, (ii) the number of Buyer Shares to be pledged under causes **(i)** or **(ii)** of **Section 1.3(a)**, or (iii) the number of Pledged Shares Buyer may withhold to satisfy an indemnifiable claim or the amount of Aged Accounts Receivable that remain uncollected as of the Anniversary Date, notwithstanding the actual market value of such shares (in each case with respect to clauses **(i)**, **(ii)** or **(iii)** of this **Section 1.3(b)**, as adjusted for any stock splits or stock dividends attributable to such shares).

Section 1.4 ***Accounting and Tax Treatment***. The parties agree (a) to structure this transaction as a tax-free exchange, and (b), as more fully described in **Section 6.6** of this Agreement, to treat this transaction for accounting purposes as a pooling-of-interests transaction and to take all actions necessary to characterize the transaction as such.

Section 1.5 ***"Piggy Back" Registration Rights for Buyer Shares.*** The Shareholders shall have the rights and obligations set forth in the Registration Rights Addendum attached hereto with respect to the "piggy back" registration of the Buyer Shares for sale and other matters addressed therein.

Article 2

Closing, Items to be Delivered,

Further Assurances, and Effective Date

Section 2.1 ***Closing.*** The consummation of the purchase and sale under this Agreement (the "Closing") will take place at 9:00 a.m., local time, on May 4, 2001 (the "Closing Date"), at the office of Hancock & Estabrook, LLP, counsel to the Company, located at 1500 MONY Tower I, Syracuse, New York 13202, unless another date or place is agreed to in writing by the parties hereto.

Section 2.2 ***Closing Obligations.*** At the Closing:

(a) The Shareholders will deliver to Buyer:

(i) certificates representing the Company Shares to Buyer, with executed and notarized stock powers attached, for transfer to Buyer;

(ii) a release in the form of Exhibit 2.2(a)(ii), executed by each of the Shareholders (the "Release");

(iii) a pledge agreement in the form of Exhibit 2.2(a)(iii), executed by each of the Shareholders (the "Pledge Agreement"), along with executed stock powers for the Pledged Shares and the Accounts Receivable Shares, with signatures guaranteed by a commercial bank or by a member firm of the New York Stock Exchange;

(iv) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyer (the "Opinion of Shareholders' Counsel"); and

(v) employment agreements in the form of Exhibit 2.2(a)(v), executed by each Shareholder and George J. Schunck (collectively, "Shareholder Employment Agreements");

(vi) duly adopted resolutions of the Company's Board of Directors satisfactory to Buyer in its sole discretion (A) terminating The Young Agency, Inc. Employees' 401(k) Profit Sharing Plan, with such termination effective prior to the Closing Date, (B) providing that no contributions shall be made to the Company's 401(k) Plan after such date, and (C) directing the Company's legal counsel to apply for a determination letter from the Internal Revenue Service with respect to the termination of the 401(k) Plan and to submit a Notice of Intent to Terminate to all participants and beneficiaries under 401(k) Plan;

(vii) duly adopted resolutions of the Company's Board of Directors satisfactory to Buyer in its sole discretion (A) terminating The Young Agency, Inc.'s Defined Contribution Pension Plan, with such termination effective as soon as is administratively feasible, (B) providing that no contributions shall be made to the Company's Defined Contribution Pension Plan after such date, and (C) directing the Company's legal counsel to apply for a determination letter from the Internal Revenue Service with respect to the termination of the Deferred Contribution Pension Plan and to submit a Notice of Intent to Terminate to all participants and beneficiaries under the Deferred Contribution Pension Plan; and

(viii) an agreement terminating the Shareholder's current Shareholders

Agreement.

(b) Buyer shall deliver to the Shareholders:

(i) certificates representing the number of Buyer Shares to be issued to the Shareholders at the Closing pursuant to **Section 1.3(a)(ii)** hereof;

(ii) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyer (the "Opinion of Buyer's Counsel"); and

(iii) the Shareholder Employment Agreements, executed by Buyer.

Section 2.3 ***Mutual Performance.*** At or prior to the Closing, the parties hereto shall also deliver to each other the agreements, certificates, and other documents and instruments referred to in **Articles 6** and **7** hereof.

Section 2.4 ***Third Party Consents.*** To the extent that the Company Shares may not be transferred to Buyer hereunder without the consent of another person which has not been obtained, this Agreement shall not constitute an agreement to transfer the same if an attempted transfer would constitute a breach thereof or be unlawful, and the Shareholders, at their expense, shall use their commercially reasonable best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not

be obtained or if any attempted transfer would be ineffective or would impair Buyer's rights so that Buyer would not in effect acquire the benefit of all such rights, the Shareholders, to the maximum extent permitted by law, shall act after the Closing as Buyer's agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by law, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer. Buyer will not require as a condition to Closing of this transaction that either the Shareholders or the Company obtain third-party consents with respect to any agreements to which the Company is a party. The Company's failure to obtain any third-party consent shall not give rise to an indemnifiable claim by Buyer hereunder so long as the Shareholders comply with the terms of this **Section 2.4**.

Section 2.5 ***Further Assurances.*** From time to time after the Closing, at Buyer's request, the Shareholders will execute, acknowledge and deliver to Buyer such other instruments of conveyance and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Buyer may reasonably request in order to vest more effectively in Buyer, or to put Buyer more fully in possession of, the Company Shares. Each of the parties hereto will cooperate with the others and execute and deliver to the other parties such other instruments and documents and take such other actions as may be reasonably requested from time to time by such other party as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

Section 2.6 ***Effective Date***. The Effective Date of this Agreement and all related instruments executed at the Closing shall be the Closing Date.

Article 3

Representations and Warranties of the Shareholders

The Shareholders represent and warrant to Buyer as follows:

Section 3.1 ***Organization.*** The Company is a corporation organized and in good standing under the laws of the State of New York and its status is active. The Company has all requisite corporate power and authority and all necessary governmental approvals to own, lease, and operate its properties and to carry on its business as now being conducted. Except as disclosed in Schedule 3.1, the Company is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the conduct of its insurance agency business requires it to be so qualified.

Section 3.2 ***Authority.*** The Shareholders have the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Shareholders and constitutes their valid and binding obligation, enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws from time to time in effect relating to or affecting the enforcement of creditors' rights generally and general equitable principles.

Section 3.3 ***Capitalization.*** Schedule 3.3 sets forth the number and class of Company Shares held by each of the respective Shareholders. The Company Shares set forth in Schedule 3.3 constitute all of the issued and outstanding shares of capital stock of the Company. All of the Company Shares have been duly issued and are fully paid and nonassessable. All of the Company Shares are owned and held by the Shareholders, free and clear of all liens, encumbrances or other third-party rights of any kind whatsoever. There are no outstanding agreements, options, rights or privileges, whether preemptive or contractual, to acquire shares of capital stock or other securities of the Company.

Section 3.4 ***Corporate Records***. The Shareholders have delivered to Buyer correct and complete copies of the Certificate of Incorporation and Bylaws of the Company, each as amended to date. Except as disclosed in Schedule 3.4, the minute books containing the records of meetings of the shareholders, board of directors, and any committees of the board of directors, the stock certificate books, and the stock record books of the Company are correct and complete in all material respects and have been made available for inspection by Buyer. Except as disclosed in Schedule 3.4, the Company is not in default under or in violation of any provision of its Certificate of Incorporation or Bylaws.

Section 3.5 ***Consents and Approvals; No Violations.*** Neither the execution, delivery or performance of this Agreement by the Shareholders nor the consummation by them of the transactions contemplated hereby nor compliance by them with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of the Company, (b) require any filing with, or permit, authorization, consent, or approval of, any court, arbitral tribunal, administrative agency or commission, or other governmental or regulatory authority or agency (each a "Governmental Entity"), except where the failure to obtain such permits, authorizations, consents or approvals or to make such filings would not have a material adverse effect, (c) except as disclosed in Schedule 3.5, result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions, or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which any of the Shareholders or the Company is a party or by which any of the Shareholders or the Company or any of their respective properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Shareholders or the Company, or any of their respective properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect on the Company or Buyer's ownership of the Company Shares.

Section 3.6 ***No Third Party Options.*** Except as disclosed in Schedule 3.6, there are no existing agreements, options, commitments, or rights with, of or to any person to acquire any of the Company's securities, assets, properties or rights, or any interests therein.

Section 3.7 ***Financial Statements.*** The Shareholders have delivered to Buyer true and complete copies of (a) the Company's reviewed balance sheet as of December 31, 2000 and the related statement of income for the twelve (12) months then ended and (b) the Company's internally prepared balance sheet at March 31, 2001 (the "Balance Sheet Date") and the related statement of income for the three (3) months then ended**,** all of which have been prepared in accordance with generally accepted accounting principles, consistently applied throughout the periods involved. Except as disclosed in Schedule 3.7, such balance sheets fairly present the financial position, assets and liabilities (whether accrued, absolute, contingent or otherwise) of the Company at the dates indicated and such statements of income fairly present the results of operations for the periods then ended. The Company's financial books and records are accurate and complete in all material respects.

Section 3.8 ***Absence of Certain Changes.*** Since the Balance Sheet Date, there have been no events or changes having a material adverse effect on the assets, liabilities, financial condition or operations of the Company or, to the Shareholders' or the Company's Knowledge (as defined in **Section 10.2** of this Agreement), on the future prospects of the Company. Since the Balance Sheet Date, the Company has not made any distributions or payments to shareholders (other than normal compensation that may have been paid to the Shareholders in their capacity as bona fide employees) and has not entered into any agreements other than in the ordinary course of business. Except as disclosed in Schedule 3.8, since the Balance Sheet Date, the Company has carried on business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and has not taken any unusual actions in contemplation of this transaction except to the extent that Buyer has given its prior specific consent.

Section 3.9 ***Assets.*** (a) The Company owns and holds, free and clear of any lien, charge, pledge, security interest, restriction, encumbrance or third-party interests of any kind whatsoever (including insurance company payables), sole and exclusive right, title, and interests in and to the customer expiration records for those customers listed in Schedule 3.9(a), together with the exclusive right to use such records and all customer accounts, copies of insurance policies and contracts in force, and all files, invoices and records pertaining to the customers, their contracts and insurance policies, and all related information. Except as disclosed in Schedule 3.9(a), all customer accounts listed in Schedule 3.9(a) represent current customers of the Company and none of such accounts has been cancelled or transferred as of the date hereof. None of the accounts shown in Schedule 3.9(a) represents business that has been brokered through a third party.

(b) Except as disclosed in Schedule 3.9(b), the names "The Young Agency" and "Risk Management Services" are the only trade names used by the Company within the past three (3) years. No party has filed a claim during the past three (3) years against the Company alleging that it has violated, infringed on or otherwise improperly used the intellectual property rights of such party, or, if so, the claim has been settled with no existing liability to the Company and, to the Knowledge of the Shareholders or the Company, the Company has not violated or infringed any trademark, trade name, service mark, service name, patent, copyright or trade secret held by others.

(c) To the Knowledge of the Shareholders or the Company, the computer software of the Company performs in accordance with the documentation and other written material used in connection therewith, is substantially free of defects in programming and operation. The Shareholders have delivered to Buyer complete and correct copies of all user and technical documentation related to such software that is in the Company's possession.

(d) The Company owns or leases all tangible assets necessary for the conduct of its business as presently conducted. All equipment, inventory, furniture and other assets owned or used by the Company in its business are in a state of good repair and maintenance, having regard for the purposes of which they are used, and to the Knowledge of the Shareholders and the Company, the purposes for which such assets are used and for which they are held by the Company are not in violation of any statute, regulation, covenant or restriction. Other than the personal items and effects of each employee of the Company, the Company owns or leases all office furniture, fixtures and equipment in its offices located at (i) Bridgewater Place, 500 Plum Street, Suite 200, Syracuse, New York, and (ii) 28 Clinton Street, Saratoga Springs, New York.

(e) Except with respect to the Aged Accounts Receivable as disclosed in Schedule 3.9(e), all notes and accounts receivables of the Company are reflected properly on its books and records, are valid receivables subject to no set-offs or counterclaims either asserted to date or of which the Shareholders or the Company has Knowledge, are presently current and collectible, and will be collected in accordance with their terms at their recorded amounts. Except as disclosed in Schedule 3.9(e), all of the Company's accounts payable, including accounts payable to insurance carriers, are current and reflected properly on its books and records, and will be paid in accordance with their terms at their recorded amounts.

Section 3.10 ***Undisclosed Liabilities***. Except as disclosed in Schedule 3.10, the Company has no liabilities, and to the Knowledge of the Shareholders or the Company, there is no basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand against the Company giving rise to any liability, except (a) those liabilities reflected in the March 31, 2001 balance sheet of the Company, and (b) liabilities which have arisen after the Balance Sheet Date in the ordinary course of business (none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of law, or arose from any charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand). The Company has not guaranteed the obligations of any third party, including, without limitation, guarantees relating to premium financing on behalf of its customers, other than as an endorser of third party checks deposited in the ordinary course of the Company's business.

Section 3.11 ***Litigation and Claims***. Except as disclosed in Schedule 3.11, there is no suit, claim, action, proceeding or investigation pending or, to the Knowledge of the Shareholders or the Company, threatened in writing against the Company, and to the Knowledge of the Shareholders or the Company, there is no basis for such a suit, claim, action, proceeding or investigation. The Company is not subject to any outstanding order, writ, injunction or decree which, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have an adverse effect on the Company or would prevent the Shareholders from consummating the transactions contemplated hereby. No voluntary or involuntary petition in bankruptcy, receivership,

insolvency, or reorganization with respect to the Shareholders or the Company has been filed by or, to the Knowledge of the Shareholders or the Company, against the Shareholders or the Company, nor will the Shareholders or the Company file such a petition prior to the Closing Date or for one hundred (100) days thereafter, and if such petition is filed by others, the same will be promptly discharged. Each of the Shareholders is solvent on the date hereof and will be solvent on the Closing Date. Neither the Shareholders nor the Company has, and at the Closing Date will not have, made any assignment for the benefit of creditors, or admitted in writing insolvency or that its property at fair valuation will not be sufficient to pay its debts, nor will the Shareholders permit any judgment, execution, attachment, or levy against them or their properties to remain outstanding or unsatisfied for more than ten (10) days.

Section 3.12 ***Compliance with Applicable Law.*** Except as disclosed in Schedule 3.12, the Company holds all permits, licenses, variances, exemptions, orders, and approvals of all Governmental Entities necessary for the lawful conduct of its business (collectively, the "Permits"). The Company is in compliance with the terms of the Permits, except where the failure to comply would not have a material adverse effect. The Company is not conducting business in violation of any law, ordinance or regulation of any Governmental Entity, except for possible violations that individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not, have a material adverse effect on its business. Except as disclosed in Schedule 3.12, as of the date of this Agreement, no investigation or review by any Governmental Entity with respect to the Company is pending or, to the Knowledge of the Shareholders or the Company, threatened, nor has any Governmental Entity indicated an intention to conduct the same.

Section 3.13 ***Tax Returns and Audits.*** The Company has timely filed all federal, state, local and foreign tax returns, including all amended returns, in each jurisdiction where the Company is required to do so or has paid or made provision for the payment of any penalty or interests arising from the late filing of any such return, has correctly reflected all taxes required to be shown thereon, and has fully paid or made adequate provision for the payment of all taxes that have been incurred or are due and payable pursuant to such returns or pursuant to any assessment with respect to taxes in such jurisdictions, whether or not in connection with such returns. The Company is not currently subject to any audits with respect to any federal, state, local or foreign tax returns required to be filed and there are no unresolved audit issues with respect to prior years' tax returns. Except as disclosed in Schedule 3.13, there are no circumstances or pending questions relating to potential tax liabilities nor claims asserted for taxes or assessments of the Company that, if adversely determined, could result in a tax liability for any period prior to, including, or beginning after the Closing Date or on the Company's practices in computing or reporting taxes. The Company has not executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect. The Company is not holding any unclaimed property that it is required to surrender to any state taxing authority including, without limitation, any uncashed checks or unclaimed wages, and the Company has timely filed all unclaimed property reports required to be filed with such state taxing authorities. The Company does not purge its records of uncashed checks periodically.

Section 3.14 ***Contracts.*** (a) Schedule 3.14 lists all material contracts, agreements and other written arrangements to which the Company is a party, including, without limitation, the following:

(i) any written arrangement (or group of written arrangements) for the furnishing or receipt of services that calls for performance over a period of more than one (1) year;

(ii) any written arrangement concerning a partnership or joint venture;

(iii) any written arrangement (or group of written arrangements) under which the Company has created, incurred or assumed or may create, incur or assume indebtedness (including capitalized lease obligations) involving more than $10,000.00 or under which it has imposed (or may impose) a security interest on any of its assets, tangible or intangible;

(iv) any employment agreement;

(v) any written arrangement concerning confidentiality or non-competition;

(vi) any written arrangement involving the Company and its present or former affiliates, officers, directors or shareholders;

(vii) any written arrangement under which the consequences of a default or termination could have a material adverse effect on the assets, liabilities, business, financial condition, operations or future prospects of the Company; or

(viii) any other written arrangement (or group of related arrangements) either involving more than $10,000.00 or not entered into in the ordinary course of business.

(b) Except as disclosed in Schedule 3.14, the Company is not a party to any verbal contract, agreement or other arrangement which, if reduced to written form, would be required to be listed in Schedule 3.14. The Shareholders have delivered to Buyer a correct and complete copy of each written arrangement, as amended to date, listed in Schedule 3.14 that is in the Company's possession. Each such contract, agreement and written arrangement is valid and enforceable in accordance with its terms, and no party is in default under any provision thereof.

Section 3.15 ***Non-Solicitation Covenants.*** The Company is not a party to any agreement that restricts its ability to compete in the insurance agency industry or solicit specific insurance accounts.

Section 3.16 ***Insurance Policies.*** Schedule 3.16 sets forth a complete and correct list of all insurance policies held by the Company with respect to its business, and true and complete copies of such policies that are in the Company's possession have been delivered

to Buyer. The Company has complied with all the material provisions of such policies and the policies are in full force and effect.

Section 3.17 ***Errors and Omissions; Employment Practices Liability.***

(a) All errors and omissions lawsuits and claims currently pending or threatened against the Company are set forth in Schedule 3.11. Except as disclosed in Schedule 3.11, the Company has not incurred any liability or taken or failed to take any action that may reasonably be expected to result in a liability for errors or omissions in the conduct of its insurance business, except such liabilities as are fully covered by insurance (other than deductibles). The Company has errors and omissions (E&O) insurance coverage in force, with minimum liability limits of $10 million per occurrence and $15 million aggregate, with a deductible of $25,000.00 per occurrence and $75,000.00 aggregate, and the Shareholders will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. The Company has had the same or higher levels of coverage continuously in effect for at least the past five (5) years.

(b) Except as disclosed in Schedule 3.11, to the Knowledge of the Shareholders or the Company, the Company has not incurred any liability or taken or failed to take any action that may reasonably be expected to result in employment practices liability, except such liabilities as are fully covered by insurance (other than deductibles). All employment practices liability (EPL) claims currently pending or threatened against the Company are set forth in Schedule 3.11. The Company has EPL insurance coverage in force, with minimum liability limits of $1 million per claim and $1 million aggregate, and a deductible of $25,000.00 per occurrence, and shall provide to Buyer a Certificate of Insurance evidencing such EPL coverage prior to or on the Closing Date.

Section 3.18 ***Employee Dishonesty Coverage***. Schedule 3.18 sets forth a complete and correct list of all employee dishonesty bonds or policies, including the respective limits thereof, held by the Company in the three (3) year period prior to the Closing Date, and true and complete copies of such bonds or policies have been delivered to Buyer. The Company has complied with all the provisions of such bonds or policies and the Company has an employee dishonesty bond or policy in the amount of $2 million, with a deductible of $5,000.00 per occurrence, in full force and effect as of the Closing Date.

Section 3.19 ***Employees.*** Except as disclosed in Schedule 3.14, all employees of the Company are employees at will, and the Company is not a party to any written contract of employment. Except as disclosed in Schedule 3.19, none of the Company's employees is currently being treated for a major medical condition.

Section 3.20 ***Employee Benefit Plans***. Schedule 3.20 lists each Employee Benefit Plan (as defined below) that the Company or any trade or business, whether or not incorporated, that together with the Company would be deemed a "single employer" within the meaning of Section 4001 of ERISA (as defined below) (a "Company ERISA Affiliate") maintains or to which the Company or any Company ERISA Affiliate contributes.

(a) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) complies in form and in operation in all respects with the applicable requirements of ERISA, the Code, and other applicable laws. Except as disclosed on Schedule 3.20, no such Employee Benefit Plan is under audit by the Internal Revenue Service or the Department of Labor.

(b) All required reports and descriptions (including Form 5500 Annual Reports, Summary Annual Reports, PBGC-1s, and summary plan descriptions) have been filed or distributed appropriately with respect to each such Employee Benefit Plan. The requirements of Part 6 of Subtitle B of Title I of ERISA and of Code Section 4980B have been met with respect to each such Employee Benefit Plan that is an "Employee Welfare Benefit Plan" as such term is defined in ERISA Section 3(1).

(c) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been paid to each such Employee Benefit Plan that is an "Employee Pension Benefit Plan" as such term is defined in ERISA Section 3(2), and all contributions for any period ending on or before the Closing Date that are not yet due have been paid to each such Employee Pension Benefit Plan or accrued in accordance with the past custom and practice of the Company. All premiums or other payments for all periods ending on or before the Closing Date have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(d) Except as disclosed on Schedule 3.20, each such Employee Benefit Plan that is an Employee Pension Benefit Plan meets the requirements of a "qualified plan" under Code Section 401(a) and has received, within the last seven (7) years, a favorable determination letter from the Internal Revenue Service.

(e) The market value of assets under each such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any "Multiemployer Plan" as such term is defined in ERISA Section 3(37)) equals or exceeds the present value of all vested and nonvested liabilities thereunder determined, where applicable, in accordance with Pension Benefit Guaranty Corporation ("PBGC") methods, factors, and assumptions applicable to an Employee Pension Benefit Plan terminating on the date for determination.

(f) The Company has delivered (or no later than sixty (60) days prior to the Closing Date shall deliver) to Buyer correct and complete copies of the plan documents and summary plan descriptions, the most recent Form 5500 Annual Report, and all related trust agreements, insurance contracts, and other funding agreements that implement each such Employee Benefit Plan.

(g) With respect to each Employee Benefit Plan that the Company or any Company ERISA Affiliate maintains or ever has maintained or to which it contributes, ever has contributed, or ever has been required to contribute:

(i) Except as disclosed in Schedule 3.20, no such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any Multiemployer Plan) has been completely or partially terminated or been the subject of a "Reportable Event" (as such term is

defined in ERISA Section 4043) as to which notices would be required to be filed with the PBGC. No proceeding by the PBGC to terminate any such Employee Pension Benefit Plan (other than any Multiemployer Plan) has been instituted or, to the Knowledge of the Shareholders or the Company, threatened.

(ii) Except as disclosed in Schedule 3.20, there have been no "Prohibited Transactions" as defined in ERISA Section 406 and Code Section 4975 with respect to any such Employee Benefit Plan. Except as disclosed in Schedule 3.20, no "Fiduciary" as defined in ERISA Section 3(21) has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan. Except as disclosed in Schedule 3.20, no action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of the Shareholders or the Company, threatened. None of the Shareholders and the directors and officers (and employees with responsibility for employee benefits matters) of the Company has any Knowledge of any basis for any such action, suit, proceeding, hearing, or investigation.

(iii) The Company has not incurred, and none of the Company, the Shareholders and the directors and officers (and employees with responsibility for employee benefits matters) of the Company has any reason to expect that the Company shall incur, any liability to the PBGC (other than PBGC premium payments) or otherwise under Title IV of ERISA (including any withdrawal liability) or under the Code with respect to any such Employee Benefit Plan that is an Employee Pension Benefit Plan.

(iv) Neither the Company nor any Company ERISA Affiliate contributes to, nor has ever been required to contribute to, any Multiemployer Plan or has any liability (including withdrawal liability) under any Multiemployer Plan.

(v) Except as disclosed in Schedule 3.20, neither the Company nor any Company ERISA Affiliate maintains or contributes, nor has ever maintained or contributed, or has ever been required to contribute to any Employee Welfare Benefit Plan providing medical, health, or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses, or their dependents (other than in accordance with Code Section 4980B).

As used in this Agreement, the term "Employee Benefit Plan" means any (a) nonqualified deferred compensation or retirement plan or arrangement that is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement that is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program.

Section 3.21 ***Intellectual Property***.

(a) The Company owns or has the right to use pursuant to license, sublicense, agreement, or permission all Intellectual Property (as defined below) necessary or desirable for the operation of the business of the Company as presently conducted and as presently proposed to be conducted. Each item of Intellectual Property owned or used by the Company immediately prior to the Closing hereunder shall be owned or available for use by Buyer on identical terms and conditions immediately subsequent to the Closing hereunder. The Company has taken all necessary and desirable action to maintain and protect each item of Intellectual Property that it owns or uses.

(b) To the Knowledge of the Shareholders or the Company, the Company has not interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and none of the Shareholders and the directors and officers (and employees with responsibility for Intellectual Property matters) of the Company has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that the Company must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Shareholders or the Company, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of the Company.

(c) The Company has no patents issued in its name, or patent applications filed or pending. Schedule 3.21(c) identifies each license, agreement, or other permission that the Company has granted to any third party with respect to any of its Intellectual Property (together with any exceptions). The Company has delivered to Buyer correct and complete copies of all such registrations, applications, licenses, agreements, and permissions (as amended to date) and has made available to Buyer correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Schedule 3.21(c) also identifies each trade name and registered or unregistered trademark, service mark or registered copyright used by the Company. With respect to each item of Intellectual Property required to be identified in Schedule 3.21(c):

(i) The Company possesses all right, title, and interest in and to the item, free and clear of any security interest, license, or other restriction;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened that challenges the legality, validity, enforceability, use, or ownership of the item; and

(iv) The Company has never agreed to indemnify any person or entity for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(d) Schedule 3.21(d) identifies each item of Intellectual Property that any third party owns and that the Company uses pursuant to license, sublicense, agreement, or permission. The Company has delivered to Buyer correct and complete copies of all such

licenses, sublicenses, agreements, and permissions (as amended to date) that are in the Company's possession. With respect to each item of Intellectual Property required to be identified in Schedule 3.21(d):

(i) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, or permission shall continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in **Article 2** above);

(iii) to the Knowledge of the Shareholders or the Company, no party to the license, sublicense, agreement, or permission is in breach or default, and no event has occurred that with notice or default or permit termination, modification, or acceleration thereunder;

(iv) no party to the license, sublicense, agreement, or permission has repudiated any provision thereof;

(v) with respect to each sublicense, the representations and warranties set forth in clauses **(i)** through **(iv)** above are true and correct with respect to the underlying license;

(vi) to the Knowledge of the Shareholders or the Company, the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(vii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Shareholders or the Company, is threatened that challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(viii) The Company has not granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission.

(e) To the Knowledge of the Shareholders or the Company, the Company shall not interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of its businesses as presently conducted and as presently proposed to be conducted.

As used in this Agreement the term "Intellectual Property" means (A) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (B) all trademarks, service marks, trade dress, logos, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (C) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (D) all mask works and all applications, registrations, and renewals in connection therewith, (E) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (F) all computer software (including data and related documentation), (G) all registered domain names, website content, website related software, and all other Internet related tools and applications, (H) all other proprietary rights, and (I) all copies and tangible embodiments thereof (in whatever form or medium).

Section 3.22 ***Environment, Health, and Safety.***

(a) To the Knowledge of the Shareholders or the Company, the Company and its predecessors and affiliates are in compliance with all Environmental, Health, and Safety Laws (as hereinafter defined), and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against it alleging any failure so to comply.

(b) To the Knowledge of the Shareholders or the Company, the Company has no liability for damage to any site, location, or body of water (surface or subsurface), for any illness of or personal injury to, any employee or other individual under any Environmental, Health, and Safety Law, and the Company and its predecessors and affiliates have not (i) handled or disposed of any Hazardous Materials, (ii) arranged for the disposal of any Hazardous Materials, or (iii) exposed any employee or other individual to any Hazardous Materials, that could form the basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against the Company under any Environmental, Health, and Safety Law.

(c) To the Knowledge of the Shareholders or the Company, all properties and equipment presently used in the business of the Company and its predecessors and affiliates are free of friable asbestos, polychlorinated biphenyls (PCBs), methylene chloride, trichloroethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances.

(d) As used in this Agreement, the term:

(i) "Environmental, Health, and Safety Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, together with all other laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or

protection of the environment, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes;

(ii) "Extremely Hazardous Substance" has the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended; and

(iii) "Hazardous Materials" means any "toxic substance" as defined in 15 U.S.C. Section 2601 et seq. on the date hereof, including materials designated on the date hereof as "hazardous substances" under 42 U.S.C. Section 9601 et seq. or other applicable laws, and toxic, radioactive, caustic, or otherwise hazardous substances, including petroleum and its derivatives, asbestos, PCBs, formaldehyde, chlordane and heptachlor.

Section 3.23 ***Accounting Matters***. To the Knowledge of any of the Shareholders or the Company, no "Affiliate" (as defined below) of the Company has, during a period of thirty (30) days prior to the date of this Agreement, sold, pledged, hypothecated, or otherwise transferred or encumbered any capital stock of the Company held by such Affiliate. For purposes of this Agreement, the term "Affiliate" means any officer, director, or owner of ten percent (10%) or more of the voting capital stock of the Company.

Section 3.24 ***Securities Law Representations***. (a) The Shareholders were granted access to the business premises, offices, properties, and business, corporate and financial books and records of Buyer. The Shareholders were permitted to examine the foregoing records, to question officers of Buyer, and to make such other investigations as they considered appropriate to determine or verify the business and financial condition of Buyer. Buyer furnished to the Shareholders all information regarding its business and affairs that the Shareholders requested, including, without limitation, (i) Buyer's annual report on Form 10-K for the year ended December 31, 2000, (ii) Buyer's Annual Report to Shareholders for the year ended December 31, 2000 and (iii) the Proxy Statement for Buyer's 2001 Annual Meeting of Shareholders.

(b) The Shareholder recognizes that the Buyer Shares will not be registered under the Securities Act of 1933, as amended (the "Securities Act") and will therefore constitute "restricted securities" as defined pursuant to Rule 144(a)(3) under the Securities Act which means, among other things, that the Shareholders generally will not be able to sell the Buyer Shares for a period of at least one (1) year following the Closing Date, and the Buyer Shares may not be sold, offered for sale, transferred, pledged, hypothecated or otherwise disposed of except in compliance with the Securities Act, as such, by way of illustration but without limitation, in compliance with the safe harbor provisions of Rule 144; further, the legal consequences of the foregoing mean that the Shareholder must bear the economic risk of the investment in the Buyer Shares for an indefinite period of time; further, if the Shareholder desires to sell or transfer all or any part of the Buyer Shares, Buyer may require the Shareholder's counsel to provide a legal opinion that the transfer may be made without registration under the Securities Act; further, other restrictions discussed elsewhere herein may be applicable; further, the Shareholder is subject to the restriction on transfer described herein and Buyer will issue stop transfer orders with Buyer's transfer agent to enforce such restrictions; further, the Buyer Shares will bear a legend restricting transfer; and further, the following paragraph, or language substantially equivalent thereto, will be inserted in or stamped on the certificates evidencing the same:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND SUCH SHARES HAVE BEEN ACQUIRED FOR INVESTMENT. THIS STOCK MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING THE SAME UNDER THE SECURITIES ACT OF 1933 OR OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE SECURITIES LAWS.

(c) Because of their considerable knowledge and experience in financial and business matters, each of the Shareholders is able to evaluate the merits, risks, and other factors bearing on the suitability of the Buyer Shares as an investment. Each of the Shareholders, individually or by virtue of a "purchaser representative" (as defined pursuant to Rule 501(h) under the Securities Act), qualifies as an "accredited investor" as defined under Rule 501(a) under the Securities Act.

(d) Each Shareholder's annual income and net worth are such that he would not now be, and does not contemplate being, required to dispose of any investment in the Buyer Shares, including the risk of losing all or any part of his investment and the inability to sell, transfer, pledge, or otherwise dispose of any of the Buyer Shares for an indefinite period.

(e) The Shareholder's acquisition of the Buyer Shares will be solely for his own account, as principal, for investment, and not with a view to, or for resale in connection with, any underwriting or distribution.

Section 3.25 ***No Misrepresentations***. None of the representations and warranties of the Shareholders set forth in this Agreement or in the attached Schedules, notwithstanding any investigation thereof by Buyer, contains any untrue statement of a material fact, or omits the statement of any material fact necessary to render the statements made not misleading.

Article 4

Representations and Warranties of Buyer

Buyer represents and warrants to the Shareholders as follows:

Section 4.1 ***Organization.*** Buyer is a corporation organized and in good standing under the laws of the State of Florida and its status is active. Buyer has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted. Buyer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased, or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and be in good standing would not in the aggregate have a material adverse effect.

Section 4.2 ***Authority.*** Buyer has the requisite corporate power and authority to execute and deliver this Agreement, to issue the Buyer Shares and to consummate all of the transactions contemplated hereby. The execution, delivery and performance of this Agreement, the issuance of the Buyer Shares to the Shareholders and the consummation of all of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of Buyer and no other corporate proceeding on the part of Buyer or consent of any third party is necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly executed and delivered by Buyer and constitutes its valid and binding obligation, enforceable against Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws from time to time in effect which offset creditors' rights generally and general equitable principles.

Section 4.3 ***Consents and Approvals; No Violations.*** Neither the execution, delivery or performance of this Agreement by Buyer nor the consummation by Buyer of the transactions contemplated hereby nor compliance by Buyer with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of Buyer, (b) require any filing with, or permit authorization, consent, or approval of, any Governmental Entity, except where the failure to obtain such permits, authorizations, consents, or approvals or to make such filings would not have a material adverse effect, (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which Buyer is a party or by which Buyer or its properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Buyer or any of its properties or assets, except in the case of (c) or (d) above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect.

Section 4.4 ***SEC Reports and Financial Statements***. Buyer has filed with the SEC, and has heretofore made available to the Shareholders true and complete copies of all forms, reports, schedules, statements and other documents required to be filed by it since December 31, 2000 under the Securities Exchange Act of 1934 (the "Exchange Act") or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Buyer SEC Documents"). The Buyer SEC Documents, including without limitation any financial statements and schedules included therein, at the time filed, (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. The financial statements of Buyer included in the Buyer SEC Documents comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q of the SEC) and fairly present (subject, in the case of the unaudited statements, to normal, recurring audit adjustments) the consolidated financial position of Buyer and its consolidated subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

Section 4.5 ***Absence of Certain Changes***. Except as disclosed in the Buyer SEC Documents, since December 31, 2000, there have been no events, changes or events having, individually or in the aggregate, a material adverse effect on the assets, liabilities, financial condition or operations of the Buyer or which would require disclosure in any document required to be filed by Buyer under the Exchange Act if such document were filed on the date of Closing in order to make such document not misleading.

Section 4.6 ***No Undisclosed Liabilities***. Except as and to the extent set forth in Buyer's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, as of December 31, 2000, Buyer had no liabilities or obligations, whether or not accrued, contingent or otherwise, that would be required by generally accepted accounting principles to be reflected on a consolidated balance sheet of Buyer and its subsidiaries. Since December 31, 2000, Buyer has not incurred any liabilities, whether or not accrued, contingent or otherwise, outside the ordinary course of business or that would have, individually or in the aggregate, a material adverse effect on Buyer.

Section 4.7 ***Litigation***. Except as disclosed in the Buyer SEC Documents filed prior to the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the best Knowledge of Buyer, threatened against Buyer or any of its subsidiaries as of the date of Closing that, individually or in the aggregate, is likely to have a material adverse effect on the assets, liabilities, financial condition or operations of the Buyer or would prevent Buyer from consummating the transactions contemplated by this Agreement. Except as disclosed in the Buyer SEC Documents, neither Buyer nor any of its subsidiaries is subject to any outstanding order, writ, injunction or decree that, individually or in the aggregate, in the future would have a material adverse effect on the assets, liabilities, financial condition or operations of the Buyer or would prevent Buyer from consummating the transactions contemplated hereby.

Section 4.8 ***Accounting Matters***. To the Knowledge of Buyer, neither Buyer nor any of its affiliates has through the date of this Agreement taken or agreed to take any action that (without giving effect to any action taken or agreed to be taken by the Company

or any of its affiliates) would prevent the parties from accounting for the transaction to be effected by this Agreement as a pooling of interests.

Section 4.9 ***Errors and Omissions***. Buyer has not incurred any material liability or taken or failed to take any action that may reasonably be expected to result in a material liability for errors or omissions in the conduct of its insurance business, except such liabilities as are fully covered by insurance and those disclosed in the Buyer SEC Documents. Buyer has errors and omission (E&O) insurance coverage in force, with minimum liability limits of $35,000,000.00 per occurrence and $35,000,000.00 aggregate, with a deductible of $250,000.00.

Section 4.10 ***Securities Law Representations***. (a) Buyer was granted access to the business premises, offices, properties, and business, corporate and financial books and records of the Company. Buyer was permitted to examine the foregoing records, to question officers of the Company, and to make such other investigations as it considered appropriate to determine or verify the business and financial condition of the Company. The Shareholders furnished to Buyer all information regarding the business and affairs of the Company that Buyer requested.

(b) Because of its considerable knowledge and experience in financial and business matters, Buyer is able to evaluate the merits, risks, and other factors bearing on the suitability of the Company Shares as an investment.

(c) Buyer's annual income and net worth are such that it would not now be, and does not contemplate being, required to dispose of any investment in the Company Shares, including the risk of losing all or any part of its investment and the inability to sell, transfer, pledge, or otherwise dispose of any of the Company Shares for an indefinite period. Buyer recognizes that the Company Shares will not be registered under the Securities Act of 1933 and will therefore constitute "restricted securities," which means, among other things, that Buyer generally will not be able to sell the Company Shares for a period of at least one (1) year following the Closing Date.

(d) Buyer's acquisition of the Company Shares will be solely for its own account, as principal, for investment, and not with a view to, or for resale in connection with, any underwriting or distribution.

Section 4.11 ***Buyer Shares.*** The Buyer Shares are duly authorized and, when issued in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable. The issuance of the Buyer Shares will transfer to the Shareholders valid title to such Buyer Shares, free and clear of all liens and encumbrances.

Section 4.12 ***Compliance with Applicable Law.*** The Buyer holds all permits, licenses, variances, exemptions, orders, and approvals of all Governmental Entities necessary for the lawful conduct of its business (collectively, the "Permits"). The Buyer is in compliance with the terms of the Permits, except where the failure to comply would not have a material adverse effect. The Buyer is not conducting business in violation of any law, ordinance or regulation of any Governmental Entity, except for possible violations that individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not, have a material adverse effect on its business. Except as disclosed in the Buyer SEC Documents, no investigation or review by any Governmental Entity with respect to the Buyer is pending or, to the Knowledge of the Buyer, threatened, nor has any Governmental Entity indicated an intention to conduct the same.

Section 4.13 ***Tax Returns and Audits.*** The Buyer has timely filed all federal, state, local and foreign tax returns, including all amended returns, in each jurisdiction where the Buyer is required to do so or has paid or made provision for the payment of any penalty or interests arising from the late filing of any such return, has correctly reflected all taxes required to be shown thereon, and has fully paid or made adequate provision for the payment of all taxes that have been incurred or are due and payable pursuant to such returns or pursuant to any assessment with respect to taxes in such jurisdictions, whether or not in connection with such returns. The Buyer is not currently subject to any audits with respect to any federal, state, local or foreign tax returns required to be filed and there are no unresolved audit issues with respect to prior years' tax returns. There are no pending questions relating to potential tax liabilities nor claims asserted for taxes or assessments of the Buyer that, if adversely determined, could result in a tax liability for any period prior to, including, or beginning after the Closing Date or on the Buyer's practices in computing or reporting taxes. The Buyer has not executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect.

Section 4.14 ***No Misrepresentations***. None of the representations and warranties of the Buyer set forth in this Agreement, notwithstanding any investigation thereof by the Shareholders and the Company, contains any untrue statement of a material fact, or omits the statement of any material fact necessary to render the statements made not misleading.

Article 5

[INTENTIONALLY OMITTED]

Article 6

Additional Agreements

Section 6.1 ***Access to Information.*** Upon reasonable notice and during the Company's normal business hours (unless otherwise agreed), the Shareholders shall cause the Company to afford to the officers, employees, accountants, counsel, and other authorized representatives of Buyer full access, to all of the properties, books, contracts, commitments, records, and senior management of the

Company. Unless otherwise required by law, Buyer will hold any such information that is nonpublic in confidence, will not use such information in its business if the transaction does not close, and will return such information if the transaction does not close.

Section 6.2 ***Expenses.*** Whether or not the transaction is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses; provided that, all expenses incurred by the Shareholders (including, without limitation, all applicable stock transfer taxes payable under Article 12 of the New York Tax Law) may be paid by the Company.

Section 6.3 ***Brokers or Finders.*** Each of the parties represents, as to itself, its subsidiaries and its affiliates, that no agent, broker, investment banker, financial advisor, or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, and each of the parties agrees to indemnify and hold the others harmless from and against any and all claims, liabilities, or obligations with respect to any fees, commissions, or expenses asserted by any person on the basis of any act or statement alleged to have been made by such party or its affiliate.

Section 6.4 ***Additional Agreements; Best Efforts.*** Subject to the terms and conditions of this Agreement, each of the parties agrees to use its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including cooperating fully with the other parties.

Section 6.5 ***Non-Competition Covenants***. Each of the Shareholders agrees that he shall not, directly or indirectly, for a period beginning on the Closing Date and expiring on December 31, 2005, engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of, any entity (other than Buyer or the Company) engaged in the insurance agency business within a fifty (50) mile radius of Syracuse, New York. The non-competition covenants set forth in this **Section 6.5** shall be enforceable against a Shareholder: (a) so long as such Shareholder is employed by Buyer; (b) if such Shareholder voluntarily terminates his employment with Buyer; (c) if such Shareholder is terminated by Buyer for "Cause" (as defined in the Shareholder Employment Agreement), or (d) if such Shareholder is terminated at the direction of another Shareholder acting in his capacity as Syracuse Profit Center Manager. The Shareholders each acknowledge that the confidentiality and non-solicitation covenants contained in the Shareholder Employment Agreements that they enter into with Buyer will be in addition to, independent of, and will not supersede or be subordinate to or affected by, the non-competition covenants contained in this **Section 6.5**.

Section 6.6 ***Accounting Matters***. Each of the Shareholders agrees that they would each be deemed an "Affiliate" of the Company (as such term is defined in **Section 3.23** of this Agreement) and that, in order to preserve the pooling-of-interests accounting treatment of this transaction, such Shareholder shall not sell, pledge, hypothecate, or otherwise transfer or encumber any Buyer Shares issued to such Shareholder under this Agreement until the final results of at least thirty (30) days of post-Closing combined operations have been published by Buyer, via the issuance of a quarterly earnings report or other means at Buyer's sole discretion.

Section 6.7 ***Remedy for Breach of Covenants***. In the event of a breach of the provisions of **Section 6.5** or **6.6**, Buyer and the Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare the covenants set forth in **Section 6.5** or **6.6** unenforceable due to a unreasonable restriction, duration, geographical area or otherwise, the parties agree that such court shall be empowered and shall grant Buyer, the Company and their affiliates injunctive relief to the extent reasonably necessary to protect their respective interests. The Shareholders acknowledge that the covenants set forth in **Section 6.5** and **6.6** represent an important element of the value of the Company Shares and were a material inducement for Buyer to enter into this Agreement.

Section 6.8 ***Successor Rights***. The covenants contained in **Section 6.5** and **6.6** shall inure to the benefit of any successor in interests of Buyer by way of merger, consolidation, sale or other succession.

Section 6.9 ***Errors and Omissions Tail Coverage; Employment Practices Liability Tail Coverage***. On or prior to the Closing Date, the Shareholders shall cause the Company to purchase, at the Company's expense, a tail coverage extension on the Company's errors and omissions and employment practices liability insurance policies. Such coverages shall extend for a period of at least five (5) years from the Closing Date, shall have the same coverages and deductibles currently in effect, and shall otherwise be in form reasonably acceptable to Buyer. A certificate of insurance evidencing such coverages shall be delivered to Buyer at or prior to Closing.

Section 6.10 ***Release.*** The Shareholders each agree on the Closing Date to execute and deliver the Release in form and substance satisfactory to the parties hereto.

Section 6.11 ***Pledge Agreement***. The parties agree on the Closing Date to enter into the Pledge Agreement in form and substance satisfactory to the parties hereto.

Section 6.12 ***Shareholder Employment Agreements.*** Buyer and each of the Shareholders agree on the Closing Date to enter into Shareholder Employment Agreements in form and substance satisfactory to the parties hereto.

Section 6.13 ***Confidentiality.*** The parties agree to maintain the existence of this transaction and the terms hereof in confidence, until the earliest of the following circumstances occurs: (a) the parties mutually agree to release such information to the public; (b) Buyer reasonably concludes that such disclosure is required by law; provided, however, such disclosure shall be limited to only what is required by such law; or (c) the Closing has occurred and ownership of the Company Shares has passed to Buyer.

Section 6.14 ***Preparation of Tax Return.*** The Shareholders recognize that a year-to-date income tax return must be prepared and filed for the Company as a result of this transaction and that the Shareholders are primarily responsible for preparing this return. The Shareholders therefore agree to prepare this return promptly after the Closing, at the Company's expense, and deliver it to the Company to review and file. Buyer and the Company shall be solely responsible for any changes they make to the return prepared by the Shareholders.

Section 6.15 ***Office Lease.*** Buyer agrees to renew the Office Lease currently in effect for the Company's office space at Bridgewater Place, 500 Plum Street, Suite 200, Syracuse, New York, in accordance with the renewal terms set forth therein, so long as the rent for any renewal term under such lease does not exceed the market rental rate for comparable office space in the Syracuse, New York area by more than twenty percent (20%) at the time such lease is up for renewal. The Shareholder appointed by Buyer as its Syracuse Profit Center Manager shall have the authority to execute and deliver documents necessary to effect the renewal terms of such lease.

Section 6.16 ***Local Acquisitions; Name***. Buyer agrees that after the Closing, the Shareholder appointed by Buyer as its Syracuse Profit Center Manager shall have the right, in the performance of his duties for the Company, to reasonably approve any agency acquisitions by Buyer that would become a part of Buyer's Syracuse, New York profit center. So long as any Shareholder is employed by Buyer or an affiliate of Buyer, Buyer shall at such Shareholder's option continue operating Buyer's Syracuse Profit Center under the trade name "The Young Agency" through December 31, 2005. If the Syracuse Profit Center Manager is a Shareholder, the Syracuse Profit Center Manager shall have the sole right to enforce this provision.

Section 6.17 ***Stock Performance Plan Grants***. Buyer agrees that $300,000.00 worth of shares of Buyer's common stock at $35 per share will be made available no later than May 31, 2001 for grants under Buyer's Stock Performance Plan to certain Company employees, as designated by the Shareholder appointed as Buyer's Syracuse Profit Center Manager, who join Buyer and remain employed with Buyer as of the date of grant (each grant to be effective as of the Closing Date).

Article 7

Conditions

Section 7.1 ***Conditions to Each Party's Obligation.*** The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction prior to or on the Closing Date of the following conditions:

(a) *Approvals.* All authorizations, consents, orders, or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity, the failure to obtain which would have a material adverse effect on the Company, shall have been filed, occurred, or been obtained, unless waived in writing by the parties hereto.

(b) *No Injunctions or Restraints.* No temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transaction shall be in effect.

Section 7.2 ***Conditions to Obligations of Buyer.*** The obligation of Buyer to effect the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions, unless waived by Buyer:

(a) *Representations and Warranties.* The representations and warranties of the Shareholders set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by the Shareholders.* The Shareholders shall have performed all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(c) *Shareholder Employment Agreements.* Each Shareholder shall have executed and delivered to Buyer a Shareholder Employment Agreement.

(d) *Opinion of the Shareholders' Counsel*. The Shareholders shall have delivered to Buyer a written opinion of counsel dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyer.

(e) *Pledge Agreement.* The Shareholders shall have executed and delivered to Buyer the Pledge Agreement.

(f) *Release.* Each Shareholder shall have executed and delivered to Buyer the Release.

(g) *E&O and EPL Certificates of Insurance; Employee Dishonesty Coverage*. The Shareholders shall have delivered or caused to be delivered to Buyer (i) a Certificate of Insurance evidencing the Company's E&O and EPL tail policy coverages required under **Section 6.9**, and (ii) a copy of the Company's most current employee dishonesty bond policy, in full force and effect as of the Closing Date.

(h) *Adverse Changes*. There shall have been no material adverse change to the business or financial condition of the Company since the Balance Sheet Date.

(i) *Tangible Net Worth.* Buyer shall be satisfied that the Company has a Tangible Net Worth (as herein defined) of at least $1,100,000.00 as of the Closing Date. The term "Tangible Net Worth" as used herein shall mean (i) the difference of the Company's

(i) total assets minus (ii) those assets identified as "Intangibles" on the Company's consolidated balance sheet as of the Closing Date (as defined in **Section 2.1** hereof) minus (iii) total liabilities, determined pursuant to the Company's consolidated balance sheet as of the Closing Date, as determined by Buyer's standard audit procedures and after giving effect to (x) the purchase of the errors and omissions (E&O) and employment practices liability (EPL) tail coverage required under **Section 6.9** hereof and (y) all distributions to Shareholders.

(j) *Termination of 401(k) Profit Sharing Plan*. Buyer shall have received copies of duly adopted resolutions of the Company's Board of Directors satisfactory to Buyer in its sole discretion (A) terminating The Young Agency, Inc. Employees' 401(k) Profit Sharing Plan, with such termination effective prior to the Closing Date, (B) providing that no contributions shall be made to the Company's 401(k) Plan after such date, and (C) directing the Company's legal counsel to apply for a determination letter from the Internal Revenue Service with respect to the termination of the 401(k) Plan and to submit a Notice of Intent to Terminate to all participants and beneficiaries under 401(k) Plan.

(k) *Termination of Defined Contribution Pension Plan*. Buyer shall have received duly adopted resolutions of the Company's Board of Directors satisfactory to Buyer in its sole discretion (A) terminating The Young Agency, Inc.'s Defined Contribution Pension Plan, with such termination effective as soon as is administratively feasible, (B) providing that no contributions shall be made to the Company's Defined Contribution Pension Plan after such date, and (C) directing the Company's legal counsel to apply for a determination letter from the Internal Revenue Service with respect to the termination of the Deferred Contribution Pension Plan and to submit a Notice of Intent to Terminate to all participants and beneficiaries under the Deferred Contribution Pension Plan.

(l) *Accounting and Tax Treatment; Securities Exemption*. Buyer shall be satisfied that its acquisition of the Company Shares and related issuance of the Buyer Shares shall qualify (i) for treatment for accounting purposes as a pooling-of-interests transaction and (ii) for an exemption from registration under federal and state securities laws.

Section 7.3 ***Conditions to Obligation of the Shareholders.*** The obligations of the Shareholders to effect the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions, unless waived by the Shareholders:

(a) *Representations and Warranties.* The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by Buyer.* Buyer shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

(c) *Opinion of Buyer's Counsel*. Buyer's Assistant General Counsel shall have delivered to the Shareholders a written opinion dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to the Shareholders.

(d) *Adverse Changes*. There shall have been no material adverse change to the business or financial condition of the Buyer.

Article 8

Indemnification

Section 8.1 ***Survival of Representations, Warranties, Indemnities and Covenants.*** The representations, warranties and indemnities set forth in this Agreement and any right to bring an action at law, in equity, or otherwise for any misrepresentation or breach of warranty under this Agreement shall survive for a period of one (1) year from the Closing Date (the "Indemnification Period"). All post-closing covenants shall survive the Closing for the period specified in this Agreement or, if not specified, for the Indemnification Period.

Section 8.2 ***Indemnification Provisions for the Benefit of Buyer***.

(a) The Shareholders, pro-rata to their holdings in the Company on the Closing Date, agree to indemnify and hold Buyer, the Company and their respective officers, directors and affiliates harmless from and against any and all Adverse Consequences (as defined below) that any of such parties may suffer or incur resulting from, arising out of, relating to, or caused by (i) the material breach of any of the Shareholders' representations, warranties, obligations or covenants contained herein, or (ii) the operation of the Company's insurance agency business or ownership of the Company Shares by the Shareholders on or prior to the Closing Date, including, without limitation, (x) any claims or lawsuits based on conduct of the Company, its employees or affiliates, or the Shareholders (to the extent such Adverse Consequences are not covered and actually paid pursuant to the Company's applicable employee dishonesty bonds or policies) occurring before the Closing, or (y) any Adverse Consequences attributable to the Company's failure to record or otherwise reconcile any of its accounts payable prior to Closing. For purposes of this **Article 8**, the phrase "Adverse Consequences" means all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations, injunctions, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), obligations, taxes, liens, losses, expenses, and fees, including all reasonable attorneys' fees and court costs actually incurred. For purposes of this **Section 8.2**, "Adverse Consequences" also specifically includes any Adverse Consequences attributable to any deductible(s) due and payable under the Company's (x) errors and omissions or employment practices liability tail policies which the Company agrees to purchase pursuant to **Section 6.9** hereof or (y) the Company's employee dishonesty bond or policy.

(b) In addition to and without limiting the foregoing, the Shareholders agree, from and after the Closing, to indemnify Buyer from and against any Adverse Consequences Buyer may suffer resulting from, arising out of, relating to, in the nature of, or caused by any liability of the Company for the unpaid taxes of any person or entity (including the Company) under United States Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

Section 8.3 ***Indemnification Provisions for the Benefit of the Shareholders***. Buyer agrees to indemnify and hold the Shareholders harmless from and against any and all Adverse Consequences the Shareholders may suffer or incur resulting from, arising out of, relating to, or caused by (a) the material breach of any of Buyer's representations, warranties, obligations or covenants contained herein, or (b) the operation of the insurance agency business of the Company or ownership of the Company Shares by Buyer after the Closing Date, including, without limitation, any claims or lawsuits based on conduct of Buyer, its employees or affiliates, or the Company, its employees or affiliates occurring after the Closing.

Section 8.4 ***Maximum Indemnification Obligation***. (a) Notwithstanding anything in this Agreement to the contrary, the maximum indemnification obligation of any party hereunder shall be limited to the consideration paid for the Company Shares as set forth in **Section 1.2** hereof.

(b) Notwithstanding the foregoing, no indemnification claim may be made pursuant to this **Article 8** unless and until the aggregate amount of indemnifiable claims incurred by the indemnified party exceed $60,000.00 (the "Materiality Threshold Amount"), at which time such claim for indemnification may be made for the aggregate amount of all indemnifiable claims (to the extent such costs or liabilities are not covered by insurance actually paid by such insurance carrier, including, without limitation, the insurance furnished pursuant to **Section 6.9** hereof), including the initial Material Threshold Amount, up to the maximum amount set forth in **Section 8.4(a)** hereof; provided, however, that in no event shall (i) any portion of the Aged Accounts Receivable that remains uncollected as of the expiration of the Indemnification Period or (ii) any Adverse Consequences incurred by Buyer that are attributable to the failure to record or otherwise reconcile any of the Company's accounts payable prior to Closing, be subject to the Materiality Threshold Amount; provided further, however, that the aggregate amount of any such uncollected Aged Accounts Receivable or any such Adverse Consequences attributable to such non-recorded or non-reconciled accounts payable shall not be included for purposes of determining whether the Materiality Threshold Amount has been exceeded.

Article 9

[INTENTIONALLY OMITTED]

Article 10

Miscellaneous

Section 10.1 ***Notices.*** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (if confirmed), or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses or at such other address for a party as shall be specified by like notice:

(a) If to Buyer, to

Brown & Brown, Inc.
401 E. Jackson Street, Suite 1700
Tampa, Florida 33602
Telecopy No.: (813) 222-4464
Attn: Laurel L. Grammig, Esq.

(b) if to the Shareholders, to

Roy S. Moore, III
4751 Limberlost Lane
Manlius, New York 13104

G. David Hall
403 Standish Drive
Syracuse, New York 13224

Robert D. Young
5051 Pine Valley Drive
Fayetteville, New York 13066

Donald T. Cullen
6505 Emilie Lane
East Syracuse, New York 13057

Robert S. Messina
4024 Pinyon Pine Path
Liverpool, New York 13090

with a copy to:

Hancock & Estabrook, LLP
1500 MONY Tower I
Syracuse, New York 13202
Telecopy No.: (315) 471-3167
Attn: Richard W. Cook, Esq.

Section 10.2 ***Use of Terms "Knowledge" and "deliver".***

(a) With respect to the term "Knowledge" as used herein: (a) an individual will be deemed to have "Knowledge" of a particular fact or other matter if (i) such individual is actually aware of such fact or other matter, or (b) a prudent individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or matter; and (b) a corporation or other business entity will be deemed to have "Knowledge" of a particular fact or other matter if any individual who is serving, who has at any time in the twelve (12) months prior to the Closing Date served, as a director or officer of such corporation or business entity has, or at any time had, Knowledge of such fact or other matter.

(b) When a document is said to have been "delivered" to Buyer hereunder, "deliver" shall mean (i) the physical delivery of such document to the Buyer, or (ii) the document was made available to the Buyer for its reasonable examination and inspection at the business premises of the Company.

Section 10.3 ***Counterparts.*** This Agreement may be executed in two (2) or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 10.4 ***Entire Agreement.*** This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

Section 10.5 ***Assignment.*** Except as contemplated in **Section 6.8** hereof, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. This Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and assigns.

Section 10.6 ***Amendment.*** This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties hereto.

Section 10.7 ***Joint Efforts***. This Agreement is the result of the joint efforts and negotiations of the parties hereto, with each party being represented, or having the opportunity to be represented, by legal counsel of its own choice, and no singular party is the author or drafter of the provisions hereof. Each of the parties assumes joint responsibility for the form and composition of this Agreement and each party agrees that this Agreement shall be interpreted as though each of the parties participated equally in the composition of this Agreement and each and every provision and part hereof. The parties agree that the rule of judicial interpretation to the effect that any ambiguity or uncertainty contained in an agreement is to be construed against the party that drafted the agreement shall not be applied in the event of any disagreement or dispute arising out of this Agreement.

Section 10.8 ***Headings***. All paragraph headings herein are inserted for convenience of reference only and shall not modify or affect the construction or interpretation of any provision of this Agreement.

Section 10.9 ***Severability***. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be illegal, invalid or unenforceable, either in whole or in part, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions or covenants, or any part thereof, all of which shall remain in full force and effect.

Section 10.10 ***Attorneys' Fees***. The prevailing party in any proceeding brought to enforce the provisions of this Agreement shall be entitled to an award of reasonable attorneys' fees and costs incurred at both the trial and appellate levels incurred in enforcing its rights hereunder.

Section 10.11 ***Governing Law; Venue.*** (a) Except as set forth in **Section 10.11(b)**, (i) this Agreement shall be governed by and construed and enforced in accordance with the internal law of the State of New York without regard to principles of conflicts of law, (ii) each of the parties consents to jurisdiction in any court, state or federal, within Onondaga County, New York, and agrees that all litigation regarding this Agreement shall be brought in Onondaga County, New York, only. and (iii) each of the parties

agrees to waive such party's privilege of venue and any right such party may have in selection of venue in suits brought by any party in connection with this Agreement.

(b) Notwithstanding the foregoing, the parties agree that any action with respect to **Section 6.5**, as well as **Sections 6.7** and **6.8** (to the extent such sections relate to **Section 6.5**), of this Agreement (a "Non-Compete Claim") shall be governed by and construed and enforced in accordance with the internal law of the State of Florida without regard to principles of conflicts of law. With respect to a Non-Compete Claim, each of the parties consents to jurisdiction in any court, state or federal, within Hillsborough County, Florida, or Onondaga County, New York, and agrees that all litigation regarding such Non-Compete Claim shall be brought in Hillsborough County, Florida or Onondaga County, New York, only. Further, each of the parties agrees to waive such party's privilege of venue and any right such party may have in selection of venue in suits brought by any party in connection with a Non-Compete Claim..

IN WITNESS WHEREOF, the parties have signed or caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

BUYER:

BROWN & BROWN, INC.

By: /S/ THOMAS M. DONEGAN, JR.
Name: Thomas M. Donegan, Jr.
Title: Vice President

SHAREHOLDERS:

/S/ ROY S. MOORE, III
Roy S. Moore, III, individually

/S/ G. DAVID HALL
G. David Hall, individually

/S/ ROBERT D. YOUNG
Robert D. Young, individually

/S/ DONALD T. CULLEN
Donald T. Cullen, individually

/S/ ROBERT S. MESSINA
Robert S. Messina, individually

SCHEDULES AND EXHIBITS

Schedule 3.1: Qualification and Good Standing
Schedule 3.3: Capitalization
Schedule 3.4: Corporate Records
Schedule 3.5: Consents and Approvals; Violations
Schedule 3.6: No Third Party Options
Schedule 3.7: Financial Statements
Schedule 3.8: Shareholder Payments or Distributions
Schedule 3.9(a): Book of Business
Schedule 3.9(e): Aged Accounts Receivable; Accounts Payable
Schedule 3.10: Undisclosed Liabilities
Schedule 3.11: Litigation and Claims
Schedule 3.12: Compliance with Applicable Law
Schedule 3.13: Tax Returns and Audits
Schedule 3.14: Contracts
Schedule 3.16: Insurance Policies

Schedule 3.16: Insurance Policies

Schedule 3.18: Employee Dishonesty Coverage
Schedule 3.19: Employees
Schedule 3.20: Employee Benefit Plans
Schedule 3.21(c): Owned Intellectual Property
Schedule 3.21(d): Licensed Intellectual Property
Schedule 3.23: Accounting Matters

Exhibit 2.2(a)(ii): Release

Exhibit 2.2(a)(iii): Pledge Agreement

Exhibit 2.2(a)(iv): Opinion of the Shareholders' Counsel

Exhibit 2.2(a)(v): Shareholder Employment Agreement

Exhibit 2.2(b)(ii): Opinion of Buyer's Counsel

EXHIBIT 10.2

AGREEMENT AND

PLAN OF MERGER

This **AGREEMENT AND PLAN OF MERGER** (this "Agreement"), dated as of July 3, 2001 (the "Agreement Date"), is made and entered into by and among **BROWN & Brown, Inc.**, a Florida corporation ("Brown & Brown"), **AZURE V ACQUISITION CORPORATION**, a Nevada corporation and wholly owned subsidiary of Brown & Brown, the principal business address of which is 220 South Ridgewood Avenue, Daytona Beach, Florida 32114 ("Acquisition Co."; Acquisition Co. and Brown & Brown are sometimes hereinafter referred to collectively as the "Buyers"); **LAYNE & ASSOCIATES, LTD.**, a Nevada corporation, the principal business address of which is 4045 Spencer Street, Suite 402, Las Vegas, Nevada 89119 ("Target"); and **ROBERT BRUCE LAYNE**, a resident of the State of Nevada ("Layne"), and **RANDALL V. CAPURRO**, a resident of the State of Nevada ("Capurro", and collectively with Layne, the "Shareholders") (Target and the Shareholders are sometimes hereinafter referred to collectively as the "Sellers").

Background

The Shareholders own all of the outstanding capital stock of Target. Target is engaged primarily in the insurance agency business in Las Vegas and Reno, Nevada. The respective Boards of Directors of Brown & Brown, Acquisition Co. and Target have determined that it is advisable and in the best interests of the companies and their respective stockholders that Target merge with and into Acquisition Co. pursuant to this Agreement with Acquisition Co. being the surviving corporation (the "Merger"). Brown & Brown, Acquisition Co. and the Sellers desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also prescribe certain conditions to the Merger. It is the intent of the parties hereto that the transactions contemplated in this Agreement be treated as a pooling-of-interests transaction for accounting purposes and as a tax-free reorganization as described in Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

THEREFORE, in consideration of the respective representations, warranties, covenants and agreements set forth herein, the parties agree as follow:

Article 1

The Merger

Section 1.1 ***The Merger.*** At the Effective Time (as defined in **Section 1.2** hereof), upon the terms and subject to the conditions set forth in this Agreement, Target shall be merged with and into Acquisition Co. in accordance with Chapter 92A of the Nevada Revised Statutes (the "NRS"). As a result of the Merger, the separate existence of Target shall cease and Acquisition Co. shall continue as the surviving corporation of the Merger (the "Surviving Corporation").

Section 1.2 ***Consummation of Merger.*** As promptly as practicable after the satisfaction or, if permissible, waiver in writing of the conditions set forth in **Article 7** hereof, the parties hereto shall cause the Merger to be consummated by Acquisition Co. filing Articles of Merger, substantially in the form of Exhibit 1.2 (the "Articles of Merger"), in such form as required by, and executed in accordance with, the relevant provisions of the NRS (the time of such filing being herein referred to as the "Effective Time" and the date of such filing being herein referred to as the "Merger Date").

Section 1.3 ***Effect of the Merger.*** At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of the NRS. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, except as otherwise provided herein, the identity, all of the property (whether real, personal or mixed), rights, privileges, powers, immunities, franchises, debts, liabilities and duties of Target shall be merged with, fully vest in and become the rights, privileges, powers, immunities, franchises, debts, liabilities and duties of the Surviving Corporation and the separate existence of Target shall cease.

Section 1.4 ***Articles of Incorporation; Bylaws.*** At the Effective Time, the Articles of Incorporation and the Bylaws of the Surviving Corporation shall be the Articles of Incorporation and Bylaws of Acquisition Co. as in effect immediately prior to the Effective Time (except as set forth in **Section 1.6** hereof), in each case until duly amended in accordance with applicable law.

Section 1.5 ***Directors and Officers.***

(a) At the Effective Time, the directors of the Surviving Corporation shall be the directors of Acquisition Co. immediately prior to the Effective Time, to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation, until their successors are duly elected or appointed and qualified.

(b) At the Effective Time, the officers of the Surviving Corporation shall be the officers of Acquisition Co. immediately prior to the Effective Time, in each case until their respective successors are duly elected or appointed and qualified.

Section 1.6 ***Name of Surviving Corporation.*** As of the Effective Time, the Articles of Incorporation of the Surviving Corporation shall be amended to change the name of the Surviving Corporation to "Layne & Associates, Ltd.", a Nevada corporation. The Buyers shall notify the Nevada Division of Insurance of any changes in the corporate name or officers of Target promptly after the Merger Date.

Section 1.7 ***Merger Consideration***. Subject to the satisfaction of the terms and conditions of this Agreement, and by virtue of the Merger and without any action on the part of the Shareholders, all of the Target Shares will be converted into the right to receive, and the Shareholders shall receive, based upon their respective interests in Target as set forth on **Section 1.8(a)(ii)** hereto, a total of 241,167 shares of the common stock of Brown & Brown (collectively, the "Brown & Brown Shares"), which is equal to (a) $9,861,336.00), which is equal to (i) $12,000,000.00 less (ii) $2,138,664.00, representing the deficiency in Target's Tangible Net Worth as required under **Section 7.2(b)(xv)**, divided by (b) $40.89 (the "Average Price"), which is the average closing price for a share of common stock of Brown & Brown, as reported on the New York Stock Exchange, in the twenty (20) day period ending at the close of business on the third (3rd) business day in advance of the Closing Date (as defined in **Section 2.1** hereof).

Section 1.8 ***Delivery of Brown & Brown Shares.*** (a) The Brown & Brown Shares shall be issued as Merger Consideration to the Shareholders as follows:

(i) a total of 24,117 shares, representing ten percent (10%) of the Brown & Brown Shares (the "Pledged Shares"), shall be pledged to Buyers as partial security for the indemnification obligations of the Shareholders under **Article 8** hereof. These Pledged Shares, subject to any reduction in number as may be necessary to satisfy the Shareholders' indemnification obligations, shall be delivered to the Shareholders one (1) year after the Closing Date, in accordance with the terms of the Pledge Agreement attached hereto as Exhibit 2.2(a)(iii); and

(ii) a total of 217,050 shares, representing the remainder of the Brown & Brown Shares, shall be delivered to the Shareholders at the Closing (as defined in **Section 2.1** hereof). Of the total number of Brown & Brown Shares to be issued to the Shareholders as Merger Consideration, (A) 204,992 shares, which equals eighty-five (85%) of the total number of Brown & Brown Shares to be issued hereunder, will be issued to Layne, of which 184,493 shares will be delivered at Closing, and (B) 36,175 shares, which equals fifteen (15%) of the total number of Brown & Brown Shares to be issued hereunder, will be issued to Capurro, of which 32,557 shares will be delivered at Closing.

(b) The parties agree that the dollar value of each Brown & Brown Share shall be the Average Price for all purposes in determining (i) the number of Brown & Brown Shares to be issued under **Sections 1.7** and **1.8(a)(ii)** hereof, (ii) the number of Brown & Brown Shares to be pledged under this **Section 1.8(a)(i)**, or (iii) the number of Pledged Shares Buyers may withhold to satisfy an indemnifiable claim, notwithstanding the actual market value of such shares (in each case with respect to clauses **(i)**, **(ii)** or **(iii)**, as adjusted for any stock splits or stock dividends).

(c) No certificate representing fractional Brown & Brown Shares will be issued in the Merger and such fractional share interests will not entitle the owner thereof to vote or to any rights of a shareholder of Brown & Brown. In lieu of any such fractional shares, the Shareholders will each be entitled to receive from Brown & Brown (after aggregating all fractional shares of Brown & Brown Shares issuable to such Seller) Brown & Brown Shares rounded upward or downward to the nearest whole share with a factor of one-half (1/2) or greater rounded up to the nearest whole share.

Section 1.9 ***Effect on Target Shares.*** From and after the Merger Date, the Target Shares shall be canceled and terminated, shall represent solely the right to receive the Merger Consideration in respect of the Target Shares, and shall have no other rights. No interest shall accrue or be payable on any Merger Consideration.

Section 1.10 ***Brown & Brown Shares.*** All Brown & Brown Shares received by the Shareholders pursuant to this Agreement shall, except for restrictions on resale or transfer described in **Section 3.24(b)** hereof or in the Registration Rights Addendum described in **Section 1.12** hereof, have the same rights as all of the other shares of outstanding Brown & Brown common stock by reason of the provisions of the Articles of Incorporation of Brown & Brown or as otherwise provided by the Florida Business Corporation Act. All voting rights of such Brown & Brown Shares received by the Shareholders shall be fully exercisable by the Shareholders and the Shareholders shall not be deprived nor restricted in exercising those rights.

Section 1.11 ***Accounting and Tax Treatment***. The parties agree (a) to structure this transaction as a tax-free exchange, and (b) as more fully described in **Section 6.6** of this Agreement, to treat this transaction for accounting purposes as a pooling-of-interests transaction and to take all actions necessary to characterize the transaction as such.

Section 1.12 ***Registration of Brown & Brown Shares.*** The Shareholders shall have the rights and obligations set forth in the Registration Rights Addendum attached hereto with respect to the registration of the Brown & Brown Shares for sale and other matters addressed therein.

Article 2

Closing, Items to be Delivered,

Further Assurances, and Effective Date

Section 2.1 ***Closing.*** The consummation of the Merger under this Agreement (the "Closing") will take place at 9:30 a.m., local time, on the date on which all of the closing conditions set forth in **Article 7** of this Agreement are satisfied including, without limitation, the filing of those documents or instruments necessary to effect the Merger pursuant to applicable state law (the "Closing Date"), at the offices of Deloitte & Touche LLP, located at 3773 Howard Hughes Parkway, Suite 490N, Las Vegas, Nevada 89109, unless another date or place is agreed to in writing by the parties hereto.

Section 2.2 ***Closing Obligations.*** At the Closing:

(a) The Shareholders will deliver to Buyer:

(i) certificates representing the Target Shares to Buyers, which certificates have been marked "CANCELED" by Target;

(ii) a release in the form of Exhibit 2.2(a)(ii), executed by each of the Shareholders (the "Release");

(iii) a pledge agreement in the form of Exhibit 2.2(a)(iii), executed by each of the Shareholders (the "Pledge Agreement"), along with executed stock powers for the Pledged Shares, with signatures guaranteed by a commercial bank or by a member firm of the New York Stock Exchange;

(iv) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyers (the "Opinion of Shareholders' Counsel");

(v) employment agreements in the form of Exhibit 2.2(a)(v)(A) and Exhibit 2.2(a)(v)(B), executed by Robert Bruce Layne and Randall V. Capurro, respectively (each a "Shareholder Employment Agreement" and collectively, the "Shareholder Employment Agreements");

(vi) pursuant to Nevada community property law, executed written consents to this Agreement and the Merger contemplated herein from the respective spouses of the Shareholders, in the form of Exhibit 2.2(a)(vi) (collectively, the "Spousal Consents");

(vii) Promissory Notes payable to the order of Target, in form and substance acceptable to Buyers in their sole discretion, issued by those producers of Target, if any, that have elected prior to the Closing Date to purchase their respective books of business (pursuant to the terms of their employment agreements with Target) rather than be employed by Buyers (collectively, the "Promissory Notes");

(viii) the Articles of Merger, duly executed by Target, to be filed with the Secretary of State of the State of Nevada;

(ix) written consent for this Merger transaction, in form and substance reasonably acceptable to the Buyers, obtained from those parties identified on Schedule 3.5; and

(x) duly executed resolutions of Target's Board of Directors evidencing to Buyers' satisfaction that Target has terminated (A) all of its Employee Benefits Plans (except Target's Employee Welfare Benefit Plans, as defined in **Section 3.20(b)** hereof), with such termination effective prior to the Closing Date, with directions to Target's legal counsel to apply for a determination letter from the Internal Revenue Service with respect to the termination of Target's 401(k) Plan, (B) all of its Employee Welfare Benefit Plans effective immediately following Closing and (C) with respect to clauses **(A)** and **(B)**, the Shareholders shall also deliver a form Notice of Intent to Terminate, satisfactory to Buyers, regarding the termination of Target's Employee Benefit Plans, which Notice shall be delivered to all participants and beneficiaries under Target's Employee Benefit Plans promptly after Closing; and

(b) Buyers shall deliver to the Shareholders:

(i) certificates representing the number of Brown & Brown Shares to be issued to the Shareholders at the Closing pursuant to **Section 1.8(a)(ii)** hereof;

(ii) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to Sellers (the "Opinion of Buyers' Counsel");

(iii) the Shareholder Employment Agreements, executed by Brown & Brown; and

(iv) the Articles of Merger, duly executed by Acquisition Co., to be filed with the Secretary of State of the State of Nevada.

Section 2.4 ***Mutual Performance.*** At or prior to the Closing, the parties hereto shall also deliver to each other the agreements, certificates, and other documents and instruments referred to in **Articles 6** and **7** hereof.

Section 2.5 ***Third Party Consents.*** To the extent that the Merger may not be consummated hereunder without the consent of another person which has not been obtained, this Agreement shall not constitute an agreement to consummate such Merger if an attempted transfer would constitute a breach thereof or be unlawful, and the Shareholders, at their expense, shall use their best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted transfer would be ineffective or would impair Buyers' rights so that Buyers would not in effect acquire the benefit of all such rights, the Shareholders, to the maximum extent permitted by law, shall act after the Closing as Buyers' agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by law, with Buyers in any other reasonable arrangement designed to provide such benefits to Buyers.

Section 2.6 ***Further Assurances.*** From time to time after the Closing, at Buyer's request, the Shareholders will execute, acknowledge and deliver to the Buyers such other instruments of conveyance and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as the Buyers may reasonably request in order to vest more effectively the Merger. Each of the parties hereto will cooperate with the others and execute, acknowledge and deliver to the other parties such other instruments and documents and take such other actions as may be reasonably requested from time to time by such other party as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

Section 2.7 ***Effective Date***. The Effective Date of this Agreement and all related instruments executed at the Closing shall be the Merger Date.

Article 3

Representations and Warranties of the Sellers

The Sellers represent and warrant to the Buyers as follows:

Section 3.1 ***Organization.*** Target is a corporation organized and in good standing under the laws of Nevada and its status is active. Target has all requisite corporate power and authority and all necessary governmental approvals to own, lease, and operate its properties and to carry on its business as now being conducted. Target is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the conduct of its insurance agency business requires it to be so qualified.

Section 3.2 ***Authority.*** The Shareholders have the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Shareholders and constitutes their valid and binding obligation, enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, or similar laws from time to time in effect which offset creditors' rights generally, and general equitable principles.

Section 3.3 ***Capitalization.*** The Target Shares constitute all of the issued and outstanding shares of capital stock of Target. All of the Target Shares have been duly issued and are fully paid and nonassessable. All of the Target Shares are owned and held by the Shareholders, free and clear of all liens, encumbrances or other third-party rights of any kind whatsoever. There are no outstanding agreements, options, rights or privileges, whether preemptive or contractual, to acquire shares of capital stock or other securities of Target.

Section 3.4 ***Corporate Records***. The Shareholders have delivered to Buyers correct and complete copies of the Articles of Incorporation and Bylaws of Target, each as amended to date. The minute books containing the records of meetings of the shareholders, board of directors, and any committees of the board of directors, the stock certificate books, and the stock record books of Target are correct and complete and have been made available for inspection by Buyers. Target is not in default under or in violation of any provision of its Articles of Incorporation or Bylaws.

Section 3.5 ***Consents and Approvals; No Violations.*** Except as set forth in Schedule 3.5, neither the execution, delivery or performance of this Agreement by the Shareholders nor the consummation by them of the transactions contemplated hereby nor compliance by them with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of Target, (b) except with respect to the filing of the Articles of Merger with the Secretary of State of Nevada, require any filing with, or permit, authorization, consent, or approval of, any court, arbitral tribunal, administrative agency or commission, or other governmental or regulatory authority or agency (each a "Governmental Entity"), except where the failure to obtain such permits, authorizations, consents, or approvals or to make such filings would not have a material adverse effect, (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions, or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which any of the Shareholders or Target is a party or by which any of the Shareholders or Target or any of their respective properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Shareholders or Target, or any of their respective properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect on Target or Buyer's ownership of the Target Shares.

Section 3.6 ***No Third Party Options.*** Except as set forth in Schedule 3.6, there are no existing agreements, options, commitments, or rights with, of or to any person to acquire any of Target's capital stock, assets, properties or rights, or any interests therein.

Section 3.7 ***Financial Statements.*** The Shareholders have delivered to Buyers true and complete copies of (a) Target's balance sheet as of February 28, 2001 and the related statement of income for the twelve (12) months then ended, and (b) Target's balance sheet at May 31, 2001 (the "Balance Sheet Date"), and the related statement of income for the three (3) months then ended, all of which have been prepared in accordance with generally accepted accounting principles, consistently applied throughout the periods involved. Such balance sheets fairly present the financial position, assets and liabilities (whether accrued, absolute, contingent or otherwise) of Target at the dates indicated and such statements of income fairly present the results of operations for the periods then ended. Target's financial books and records are accurate and complete in all material respects.

Section 3.8 ***Absence of Certain Changes.*** Since the Balance Sheet Date, there have been no events or changes having a material adverse effect on the assets, liabilities, financial condition or operations of Target or, to the Shareholders' or Target's Knowledge (as defined in **Section 10.2** of this Agreement), on the future prospects of Target. Since the Balance Sheet Date, Target has not made any distributions or payments to shareholders (other than normal compensation that may have been paid to the Shareholders in their capacity as bona fide employees) and has not entered into any agreements other than in the ordinary course of business. Since the Balance Sheet Date, Target has carried on business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and has not taken any unusual actions in contemplation of this transaction except to the extent that Buyers have given their prior specific consent.

Section 3.9 ***Assets.*** (a) Target owns and holds, free and clear of any lien, charge, pledge, security interest, restriction, encumbrance or third-party interests of any kind whatsoever (including insurance company payables), sole and exclusive right, title, and interests

in and to the customer expiration records for those customers listed in Schedule 3.9(a), together with the exclusive right to use such records and all customer accounts, copies of insurance policies and contracts in force, and all files, invoices and records pertaining to the customers, their contracts and insurance policies, and all related information. All customer accounts listed in Schedule 3.9(a) represent current customers of Target and none of such accounts has been cancelled or transferred as of the date hereof. None of the accounts shown in Schedule 3.9(a) represents business that has been brokered through a third party.

(b) The names "Layne & Associates" and "Layne & Associates Insurance" are the only trade names used by Target within the past three (3) years. No party has filed a claim during the past three (3) years against Target alleging that it has violated, infringed on or otherwise improperly used the intellectual property rights of such party, or, if so, the claim has been settled with no existing liability to Target and, to the Knowledge of the Shareholders or Target, Target has not violated or infringed any trademark, trade name, service mark, service name, patent, copyright or trade secret held by others.

(c) To the Shareholders' or Target's Knowledge, the computer software of Target performs in accordance with the documentation and other written material used in connection therewith, is substantially free of defects in programming and operation. The Shareholders have delivered to Buyers complete and correct copies of all user and technical documentation related to such software.

(d) Target owns or leases all tangible assets necessary for the conduct of its business. All equipment, inventory, furniture and other assets owned or leased by Target in its business are in a state of good repair and maintenance, having regard for the purposes of which they are used, and the purposes for which such assets are used and for which they are held by Target are not, to the Shareholders' or Target's Knowledge, in violation of any statute, regulation, covenant or restriction. Target owns or leases all office furniture, fixtures and equipment in its offices located in Las Vegas and Reno, Nevada.

(e) All notes and accounts receivables of Target are reflected properly on its books and records, are valid receivables subject to no set-offs or counterclaims either asserted to date or of which the Shareholders or Target has Knowledge, are presently current and collectible, and will be collected in accordance with their terms at their recorded amounts. All of Target's accounts payable, including accounts payable to insurance carriers, are current and reflected properly on its books and records, and will be paid in accordance with their terms at their recorded amounts.

Section 3.10 ***Undisclosed Liabilities***. Target has no liabilities, and there is no basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand against Target giving rise to any liability, except (a) those liabilities reflected in the May 31, 2001balance sheet of Target, and (b) liabilities which have arisen after May 31, 2001 in the ordinary course of business (none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of law, or arose from any charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand). Target has not guaranteed the obligations of any third party, including, without limitation, guarantees relating to premium financing on behalf of its customers.

Section 3.11 ***Litigation and Claims***. Except as disclosed in Schedule 3.11, there is no suit, claim, action, proceeding or investigation pending or, to the Shareholders' or Target's Knowledge, threatened against Target, and there is no basis for such a suit, claim, action, proceeding or investigation. Target is not subject to any outstanding order, writ, injunction or decree which, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have an adverse effect on Target or would prevent the Shareholders from consummating the transactions contemplated hereby. No voluntary or involuntary petition in bankruptcy, receivership, insolvency, or reorganization with respect to the Shareholders or Target has been filed by or, to the Knowledge of the Shareholders or Target, against the Shareholders or Target, nor will the Shareholders or Target file such a petition prior to the Closing Date or for one hundred (100) days thereafter, and if such petition is filed by others, the same will be promptly discharged. Each of the Shareholders is solvent on the date hereof and will be solvent on the Closing Date. Neither the Shareholders nor Target has, and at the Closing Date will not have, made any assignment for the benefit of creditors, or admitted in writing insolvency or that its property at fair valuation will not be sufficient to pay its debts, nor will the Shareholders permit any judgment, execution, attachment, or levy against them or their properties to remain outstanding or unsatisfied for more than ten (10) days.

Section 3.12 ***Compliance with Applicable Law.*** Target holds all permits, licenses, variances, exemptions, orders, and approvals of all Governmental Entities necessary for the lawful conduct of its business (collectively, the "Permits"). Target is in compliance with the terms of the Permits, except where the failure to comply would not have an adverse effect. Target is not conducting business in violation of any law, ordinance or regulation of any Governmental Entity (including, without limitation, the Gramm-Leach Bliley Financial Services Modernization Act of 1999 and any applicable federal or state regulations promulgated pursuant thereto), except for possible violations that individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not, have an adverse effect on its business. As of the date of this Agreement, no investigation or review by any Governmental Entity with respect to Target is pending or, to the Knowledge of the Shareholders or Target, threatened, nor has any Governmental Entity indicated an intention to conduct the same.

Section 3.13 ***Tax Returns and Audits.*** Target has timely filed all federal, state, local and foreign tax returns required to be filed by it or has paid or made provision for the payment of any penalty or interests arising from the late filing of any such return, has correctly reflected all taxes required to be shown thereon, and has fully paid or made adequate provision for the payment of all taxes that have been incurred or are due and payable pursuant to such returns or pursuant to any assessment with respect to taxes in such jurisdictions, whether or not in connection with such returns. There are no circumstances or pending questions relating to potential tax liabilities nor claims asserted for taxes or assessments of Target that, if adversely determined, could result in a tax liability for any period prior to, including, or beginning after the Closing Date or on Target's practices in computing or reporting taxes. No federal income tax or information return for Target is currently the subject of an audit by the Internal Revenue Service.

Target has not executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect.

Section 3.14 ***Contracts.*** (a) Schedule 3.14 lists all material contracts, agreements and other written arrangements to which Target is a party, including, without limitation, the following:

(i) any written arrangement (or group of written arrangements) for the furnishing or receipt of services that calls for performance over a period of more than one (1) year;

(ii) any written arrangement concerning a partnership or joint venture;

(iii) any written arrangement (or group of written arrangements) under which Target has created, incurred or assumed or may create, incur or assume indebtedness (including capitalized lease obligations) involving more than $10,000.00 or under which it has imposed (or may impose) a security interest on any of its assets, tangible or intangible;

(iv) any employment agreement;

(v) any written arrangement concerning confidentiality or non-competition;

(vi) any written arrangement involving Target and its present or former affiliates, officers, directors or shareholders;

(vii) any written arrangement under which the consequences of a default or termination could have a material adverse effect on the assets, liabilities, business, financial condition, operations or future prospects of Target; or

(viii) any other written arrangement (or group of related arrangements) either involving more than $10,000.00 or not entered into in the ordinary course of business.

(b) Target is not a party to any verbal contract, agreement or other arrangement which, if reduced to written form, would be required to be listed in Schedule 3.14. The Shareholders have delivered to Buyers a correct and complete copy of each written arrangement, as amended to date, listed in Schedule 3.14. Each such contract, agreement and written arrangement is valid and enforceable in accordance with its terms, and no party is in default under any provision thereof.

Section 3.15 ***Non-Solicitation Covenants.*** Target is not a party to any agreement that restricts its ability to compete in the insurance agency industry or solicit specific insurance accounts.

Section 3.16 ***Insurance Policies.*** Schedule 3.16 sets forth a complete and correct list of all insurance policies held by Target with respect to its business, and true and complete copies of such policies have been delivered to Buyers. Target has complied with all the provisions of such policies and the policies are in full force and effect.

Section 3.17 ***Errors and Omissions; Employment Practices Liability.*** (a) Target has not incurred any liability or taken or failed to take any action that may reasonably be expected to result in (i) a liability for errors or omissions in the conduct of its insurance business or (ii) employment practices liability (EPL), except such liabilities as are fully covered by insurance. All errors and omissions (E&O) and EPL lawsuits and claims currently pending or threatened against Target are set forth in Schedule 3.11. Target has E&O insurance coverage in force, with minimum liability limits of $6 million per occurrence and $6 million aggregate, with a deductible of $50,000.00, and the Sellers will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. Target has had the same or higher levels of E&O coverage continuously in effect for at least the past five (5) years.

(b) Target has EPL insurance coverage in force, with minimum liability limits of $1 million per occurrence and $1 million aggregate, with a deductible of $2,500.00 per claim, and the Sellers will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. Target has had the same or higher levels of EPL coverage continuously in effect for at least the past five (5) years.

Section 3.18 ***Employee Dishonesty Coverage***. Schedule 3.18 sets forth a complete and correct list of all employee dishonesty bonds or policies, including the respective limits thereof, held by Target in the three (3) year period prior to the Closing Date, and true and complete copies of such bonds or policies have been delivered to Buyers. Target has complied with all the provisions of such bonds or policies and Target has an employee dishonesty bond or policy in full force and effect as of the Closing Date.

Section 3.19 ***Employees.*** Except as disclosed in Schedule 3.14, all employees of Target are employees at will, and Target is not a party to any written contract of employment. None of Target's employees is currently being treated for a major medical condition.

Section 3.20 ***Employee Benefit Plans***. Schedule 3.20 lists each Employee Benefit Plan (as defined below) that Target or any trade or business, whether or not incorporated, that together with Target would be deemed a "single employer" within the meaning of Section 4001 of ERISA (as defined below) (a "Target ERISA Affiliate") maintains or to which Target or any Target ERISA Affiliate contributes.

(a) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) complies in form and in operation in all respects with the applicable requirements of ERISA, the Code, and other applicable laws. No such Employee Benefit Plan is under audit by the Internal Revenue Service or the Department of Labor.

(b) All required reports and descriptions (including Form 5500 Annual Reports, Summary Annual Reports, PBGC-1s, and summary plan descriptions) have been filed or distributed appropriately with respect to each such Employee Benefit Plan. The requirements of Part 6 of Subtitle B of Title I of ERISA and of Code Section 4980B have been met with respect to each such Employee Benefit Plan that is an "Employee Welfare Benefit Plan" as such term is defined in ERISA Section 3(1).

(c) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been paid to each such Employee Benefit Plan that is an "Employee Pension Benefit Plan" as such term is defined in ERISA Section 3(2), and all contributions for any period ending on or before the Closing Date that are not yet due have been paid to each such Employee Pension Benefit Plan or accrued in accordance with the past custom and practice of Target. All premiums or other payments for all periods ending on or before the Closing Date have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(d) Each such Employee Benefit Plan that is an Employee Pension Benefit Plan meets the requirements of a "qualified plan" under Code Section 401(a) and has received, within the last two (2) years, a favorable determination letter from the Internal Revenue Service.

(e) The market value of assets under each such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any "Multiemployer Plan" as such term is defined in ERISA Section 3(37)) equals or exceeds the present value of all vested and nonvested liabilities thereunder determined in accordance with Pension Benefit Guaranty Corporation ("PBGC") methods, factors, and assumptions applicable to an Employee Pension Benefit Plan terminating on the date for determination.

(f) Target has delivered (or no later than sixty (60) days prior to the Closing Date shall deliver) to Buyers correct and complete copies of the plan documents and summary plan descriptions, the most recent Form 5500 Annual Report, and all related trust agreements, insurance contracts, and other funding agreements that implement each such Employee Benefit Plan.

(g) With respect to each Employee Benefit Plan that Target or any Target ERISA Affiliate maintains or ever has maintained or to which it contributes, ever has contributed, or ever has been required to contribute:

(i) No such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any Multiemployer Plan) has been completely or partially terminated or been the subject of a "Reportable Event" (as such term is defined in ERISA Section 4043) as to which notices would be required to be filed with the PBGC. No proceeding by the PBGC to terminate any such Employee Pension Benefit Plan (other than any Multiemployer Plan) has been instituted or, to the Knowledge of the Shareholders or Target, threatened.

(ii) There have been no "Prohibited Transactions" as defined in ERISA Section 406 and Code Section 4975 with respect to any such Employee Benefit Plan. No "Fiduciary" as defined in ERISA Section 3(21) has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan. No action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of the Shareholders or Target, threatened. None of the Shareholders and the directors and officers (and employees with responsibility for employee benefits matters) of Target has any Knowledge of any basis for any such action, suit, proceeding, hearing, or investigation.

(iii) Target has not incurred, and none of Target, the Shareholders and the directors and officers (and employees with responsibility for employee benefits matters) of Target has any reason to expect that Target shall incur, any liability to the PBGC (other than PBGC premium payments) or otherwise under Title IV of ERISA (including any withdrawal liability) or under the Code with respect to any such Employee Benefit Plan that is an Employee Pension Benefit Plan.

(iv) Neither Target nor any Target ERISA Affiliate contributes to, nor has ever been required to contribute to, any Multiemployer Plan or has any liability (including withdrawal liability) under any Multiemployer Plan.

(v) Neither Target nor any Target ERISA Affiliate maintains or contributes, nor has ever maintained or contributed, or has ever been required to contribute to any Employee Welfare Benefit Plan providing medical, health, or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses, or their dependents (other than in accordance with Code Section 4980B).

As used in this Agreement, the term "Employee Benefit Plan" means any (a) nonqualified deferred compensation or retirement plan or arrangement that is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement that is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program.

Section 3.21 ***Intellectual Property***.

(a) Target owns or has the right to use pursuant to license, sublicense, agreement, or permission all Intellectual Property (as defined below) necessary or desirable for the operation of the businesses of Target as presently conducted and as presently proposed to be conducted. Each item of Intellectual Property owned or used by Target immediately prior to the Closing hereunder shall be owned or available for use by Acquisition Co. on identical terms and conditions immediately subsequent to the Closing hereunder. Target has taken all necessary and desirable action to maintain and protect each item of Intellectual Property that it owns or uses.

(b) Target has not interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and none of the Shareholders and the directors and officers (and employees with responsibility for Intellectual Property matters) of Target has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that Target must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Shareholders or Target, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of Target.

(c) Target has no patents issued in its name, or patent applications filed or pending. Schedule 3.21(c) identifies each license, agreement, or other permission that Target has granted to any third party with respect to any of its Intellectual Property (together with any exceptions). Target has delivered to Buyers correct and complete copies of all such registrations, applications, licenses, agreements, and permissions (as amended to date) and has made available to Buyers correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Schedule 3.21(c) also identifies each trade name and registered or unregistered trademark or service mark used by Target. With respect to each item of Intellectual Property required to be identified in Schedule 3.21(c):

(i) Target possesses all right, title, and interest in and to the item, free and clear of any security interest, license, or other restriction;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened that challenges the legality, validity, enforceability, use, or ownership of the item; and

(iv) Target has never agreed to indemnify any person or entity for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(d) Schedule 3.21(d) identifies each item of Intellectual Property that any third party owns and that Target uses pursuant to license, sublicense, agreement, or permission. Target has delivered to Buyers correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). To the Shareholders' or Target's Knowledge, with respect to each item of Intellectual Property required to be identified in Schedule 3.21(d):

(i) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, or permission shall continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in **Article 2** above);

(iii) no party to the license, sublicense, agreement, or permission is in breach or default, and no event has occurred that with notice or default or permit termination, modification, or acceleration thereunder;

(iv) no party to the license, sublicense, agreement, or permission has repudiated any provision thereof;

(v) with respect to each sublicense, the representations and warranties set forth in clauses **(i)** through **(iv)** above are true and correct with respect to the underlying license;

(vi) the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(vii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Shareholders or Target, is threatened that challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(viii) Target has not granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission.

(e) To the Knowledge of the Shareholders or Target, Target shall not interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of its businesses as presently conducted and as presently proposed to be conducted.

Section 3.22 ***Environment, Health, and Safety***.

(a) Target has materially complied with all Environmental, Health, and Safety Laws, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against it alleging any failure so to comply. Without limiting the generality of the preceding sentence, each of Target and its predecessors and affiliates has obtained and been in compliance with all of the terms and conditions of all permits, licenses, and other authorizations that are required under, and has materially complied with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables that are contained in, all Environmental, Health, and Safety Laws.

(b) Target has no liability (and, to the Knowledge of Target and the Shareholders, none of Target and its predecessors and affiliates has handled or disposed of any substance, arranged for the disposal of any substance, exposed any employee or other individual to any substance or condition, or owned or operated any property or facility in any manner that could form the basis for any present or

future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against Target giving rise to any liability) for damage to any site, location, or body of water (surface or subsurface), for any illness of or personal injury to, any employee or other individual, or for any reason under any Environmental, Health, and Safety Law.

(c) No Hazardous Materials have been placed on or in any structure on the Real Property by Target or, to the Knowledge of the Shareholders or Target, by any prior owner or user of the Real Property. No underground storage tanks for petroleum or any other substance, or underground piping or conduits are or to the Knowledge of the Shareholders or Target, have previously been located on the Real Property. To the Knowledge of the Shareholders or Target, no other party has caused the release of or contamination by Hazardous Materials on the Real Property. Target has provided, or no later than sixty (60) days prior to the Closing Date (and thereafter, as such items are received by Target) shall provide, Buyers with all environmental studies, records and reports in its possession or control, and all correspondence with any governmental entities, concerning environmental conditions of the Real Property.

(d) All properties and equipment used in the business of Target and its predecessors and affiliates have been free of asbestos, polychlorinated biphenyls (PCBs), methylene chloride, trichloroethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances.

(e) As used in this Agreement, the term:

(i) "Environmental, Health, and Safety Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, together with all other laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes;

(ii) "Extremely Hazardous Substance" has the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended; and

(iii) "Hazardous Materials" means any "toxic substance" as defined in 15 U.S.C. Section 2601 et seq. on the date hereof, including materials designated on the date hereof as "hazardous substances" under 42 U.S.C. Section 9601 et seq. or other applicable laws, and toxic, radioactive, caustic, or otherwise hazardous substances, including petroleum and its derivatives, asbestos, PCBs, formaldehyde, chlordane and heptachlor.

Section 3.23 ***Pooling-of-Interests Accounting Matters***. Except as set forth on Schedule 3.23(a), (i) Target has never been a subsidiary or division of another corporation or a part of an acquisition which was later rescinded; (ii) within the past two (2) years, there has not been any sale, spin-off or split-up of a significant amount of assets of Target other than in the ordinary course of business; (iii) Target owns no shares of the capital stock of Brown & Brown; (iv) Target has not acquired any shares of its capital stock during the past two (2) years; (v) as of the Effective Time, Target has no obligation (whether contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its capital stock or any interest therein or to pay any dividend or make any distribution in respect thereof; (vi) neither the voting stock structure of Target nor the relative ownership of shares among the Shareholders has been altered or changed within the last two (2) years in contemplation of the Merger; and (vii) none of the shares of the capital stock of Target were issued pursuant to awards, grants or bonuses.

(b) To the Knowledge of each of the Sellers, neither Target nor any Shareholder has taken or agreed to take any action that would prevent Brown & Brown from accounting for this transaction as a pooling of interests. Without limiting the generality of the foregoing, to the Knowledge of the Shareholders or Target, no "Affiliate" (as defined below) of Target has, during a period of thirty (30) days prior to the date of this Agreement, sold, pledged, hypothecated, or otherwise transferred or encumbered any capital stock of Target held by such Affiliate. For purposes of this Agreement, the term "Affiliate" means any officer, director, or owner of ten percent (10%) or more of the voting capital stock of Target.

(c) As of the Closing Date, no Shareholder has entered into any agreement to sell, pledge, hypothecate, or otherwise transfer or encumber the Brown & Brown Shares.

Section 3.24 ***Securities Law Representations***. (a) The Shareholders were granted access to the business premises, offices, properties, and business, corporate and financial books and records of Buyers. The Shareholders were permitted to examine the foregoing records, to question officers of Buyers, and to make such other investigations as they considered appropriate to determine or verify the business and financial condition of Buyers. Buyers furnished to the Shareholders all information regarding its business and affairs that the Shareholders requested, including, without limitation, (i) Buyer's Annual Report on Form 10-K for the year ended December 31, 2000, (ii) Amendment to Buyer's Annual Report on Form 10-K/A for the year ended December 31, 2000, (iii) Buyer's Annual Report to Shareholders for the year ended December 31, 2000, (iv) the Proxy Statement for Buyer's 2001 Annual Meeting of Shareholders, (v) Buyer's Report on Form 8-K filed on January 18, 2001, (vii) Amendment to Buyer's Report on Form 8-K/A filed on March 20, 2001, (viii) Second Amendment to Buyer's Report on Form 8-K/A filed on March 23, 2001, and (ix) Buyer's Quarterly Report on Form 10-Q for the three (3) months ended March 31, 2001.

(b) Each Shareholder recognizes that the Brown & Brown Shares will, when issued, not be registered under the Securities Act of 1933, as amended (the "Securities Act") and will therefore, unless and until a registration statement with respect to the Brown & Brown Shares is declared effective by the Securities and Exchange Commission (the "SEC"), constitute "restricted securities" as defined pursuant to Rule 144(a)(3) under the Securities Act under which means, among other things, that the Shareholders generally will not be able to sell the Brown & Brown Shares for a period of at least one (1) year following the Closing Date, and may not be sold, offered for sale, transferred, pledged, hypothecated or otherwise disposed of except in compliance with the Securities Act, as such, by way of illustration but without limitation, in compliance the safe harbor provisions of Rule 144; further, the legal consequences of the foregoing mean that the Shareholder must bear the economic risk of the investment in the Brown & Brown Share for an indefinite period of time; further, if the Shareholder desires to sell or transfer all or any part of the Brown & Brown Shares, Buyer may require the Shareholder's counsel to provide a legal opinion that the transfer may be made without registration under the Securities Act; further, other restrictions discussed elsewhere herein may be applicable; further, the Shareholder is subject to the restriction on transfer described herein and Buyer will issue stop transfer orders with Buyer's transfer agent to enforce such restrictions; further, the Brown & Brown Shares will bear a legend restricting transfer; and further, the following paragraph, or language substantially equivalent thereto, will be inserted in or stamped on the certificates evidencing the same:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND SUCH SHARES HAVE BEEN ACQUIRED FOR INVESTMENT. THIS STOCK MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING THE SAME UNDER THE SECURITIES ACT OF 1933 OR OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE SECURITIES LAWS.

(c) Because of their considerable knowledge and experience in financial and business matters, each of the Shareholders is able to evaluate the merits, risks, and other factors bearing on the suitability of the Brown & Brown Shares as an investment. Each of the Shareholders, individually or by virtue of a "purchaser representative" (as defined pursuant to Rule 501(h) under the Securities Act), qualifies as an "accredited investor" as defined under Rule 501(a) under the Securities Act.

(d) Each Shareholder's annual income and net worth are such that he would not now be, and does not contemplate being, required to dispose of any investment in the Brown & Brown Shares, including the risk of losing all or any part of his investment and the inability to sell, transfer, pledge, or otherwise dispose of any of the Brown & Brown Shares for an indefinite period.

(e) The Shareholder's acquisition of the Brown & Brown Shares will be solely for his own account, as principal, for investment, and not with a view to, or for resale in connection with, any underwriting or distribution.

Section 3.25 ***No Misrepresentations***. None of the representations and warranties of the Shareholders set forth in this Agreement or in the attached Schedules, notwithstanding any investigation thereof by Buyers, contains any untrue statement of a material fact, or omits the statement of any material fact necessary to render the statements made not misleading.

Article 4

Representations and Warranties of Buyers

Each of the Buyers represents and warrants to the Shareholders as follows:

Section 4.1 ***Organization.*** Each of the Buyers is a corporation organized under the laws of Florida and its status is active. Each Buyer has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted. Each Buyer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased, or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and be in good standing would not in the aggregate have a material adverse effect.

Section 4.2 ***Authority.*** Each Buyer has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of each Buyer and no other corporate proceeding on the part of either Buyer is necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly executed and delivered by each Buyer and constitutes its valid and binding obligation, enforceable against each Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws from time to time in effect which offset creditors' rights generally and general equitable principles.

Section 4.3 ***Consents and Approvals; No Violations.*** Neither the execution, delivery or performance of this Agreement by Buyers nor the consummation by Buyers of the transactions contemplated hereby nor compliance by Buyers with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of either Buyer, (b) except with respect to the filing of the Articles of Merger with the Secretary of State of Nevada, require any filing with, or permit authorization, consent, or approval of, any Governmental Entity, except where the failure to obtain such permits, authorizations,

consents, or approvals or to make such filings would not have a material adverse effect, (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which either Buyer is a party or by which either Buyer or its properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to either Buyer or any of its properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect.

Section 4.4 ***SEC Reports and Financial Statements***. Buyer has filed with the SEC, and has heretofore made available to the Sellers true and complete copies of all forms, reports, schedules, statements and other documents required to be filed by it since December 31, 2000 under the Securities Exchange Act of 1934 (the "Exchange Act") or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Buyer SEC Documents"). The Buyer SEC Documents, including without limitation any financial statements and schedules included therein, at the time filed, (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. The financial statements of Buyer included in the Buyer SEC Documents comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q of the SEC) and fairly present (subject, in the case of the unaudited statements, to normal, recurring audit adjustments) the consolidated financial position of Buyer and its consolidated subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

Section 4.5 ***Absence of Certain Changes***. Except as disclosed in the Brown & Brown SEC Documents, since December 31, 2000, there have been no events, changes or events having, individually or in the aggregate, a material adverse effect on Buyers.

Section 4.6 ***No Undisclosed Liabilities***. Except as and to the extent set forth in Buyer's Quarterly Report on Form 10-Q for the three (3)-month period ended March 31, 2001, as of March 31, 2001, Buyer had no liabilities or obligations, whether or not accrued, contingent or otherwise, that would be required by generally accepted accounting principles to be reflected on a consolidated balance sheet of Buyer and its subsidiaries. Since March 31, 2001, Buyer has not incurred any liabilities, whether or not accrued, contingent or otherwise, outside the ordinary course of business or that would have, individually or in the aggregate, a material adverse effect on Buyer.

Section 4.7 ***Litigation***. Except as disclosed in the Brown & Brown SEC Documents filed prior to the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the Knowledge of Brown & Brown, threatened against Brown & Brown or any of its subsidiaries before any Governmental Entity that, individually or in the aggregate, is reasonably likely to have a material adverse effect on Brown & Brown or would prevent Brown & Brown from consummating the transactions contemplated by this Agreement. Except as disclosed in the Brown & Brown SEC Documents, neither Brown & Brown nor any of its subsidiaries is subject to any outstanding order, writ, injunction or decree that, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have a material adverse effect on Brown & Brown or would prevent either Buyer from consummating the transactions contemplated hereby.

Section 4.8 ***Accounting Matters***. (a) To the Knowledge of Buyers, neither Buyer nor any of their respective affiliates has through the date of this Agreement taken or agreed to take any action that (without giving effect to any action taken or agreed to be taken by Target or any of its affiliates) would prevent the parties from accounting for the transaction to be effected by this Agreement as a pooling of interests.

(b) Without limiting the generality of **Section 4.8(a)**, to the Knowledge of Buyers, no Affiliate of either Buyer has, during a period of thirty (30) days prior to the date of this Agreement, sold, pledged, hypothecated, or otherwise transferred or encumbered any Brown & Brown Shares held by such Affiliate.

Section 4.9 ***Errors and Omissions***. Neither Buyer has incurred any material liability or taken or failed to take any action that may reasonably be expected to result in a material liability for errors or omissions in the conduct of its insurance business, except such liabilities as are fully covered by insurance and those disclosed in the Brown & Brown SEC Documents. Buyers have errors and omission (E&O) insurance coverage in force, with minimum liability limits of $75,000,000.00 per occurrence and $75,000,000.00 aggregate, with a deductible of $250,000.00.

Section 4.10 ***Securities Law Representations***. Buyers were granted access to the business premises, offices, properties, and business, corporate and financial books and records of Target. Buyers were permitted to examine the foregoing records, to question officers of Target, and to make such other investigations as it considered appropriate to determine or verify the business and financial condition of Target. The Shareholders furnished to Buyers all information regarding the business and affairs of Target that Buyers requested.

Article 5

[INTENTIONALLY OMITTED]

Article 6

Additional Agreements

Section 6.1 ***Access to Information.*** Upon reasonable notice, Target shall, and the Shareholders shall cause Target to, afford to the officers, employees, accountants, counsel, and other authorized representatives of Buyers full access, during the period prior to the Closing Date, to all of the properties, books, contracts, commitments, records, and senior management of Target. Unless otherwise required by law, Buyers will hold any such information that is nonpublic in confidence, will not use such information in its business if the transaction does not close, and will return such information if the transaction does not close.

Section 6.2 ***Expenses.*** Whether or not the transaction is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

Section 6.3 ***Brokers or Finders.*** Each of the parties represents, as to itself, its subsidiaries and its affiliates, that no agent, broker, investment banker, financial advisor, or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, and each of the parties agrees to indemnify and hold the others harmless from and against any and all claims, liabilities, or obligations with respect to any fees, commissions, or expenses asserted by any person on the basis of any act or statement alleged to have been made by such party or its affiliate.

Section 6.4 ***Additional Agreements; Best Efforts.*** Subject to the terms and conditions of this Agreement, each of the parties agrees to use its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including cooperating fully with the other parties.

Section 6.5 ***Non-Competition Covenants***. (a) Given the statewide nature of Target's business, each of the Shareholders agrees that, subject to **Section 6.5(b)**, he shall not, directly or indirectly, for a period of five (5) years beginning on the Closing Date (the "Restricted Period"), engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of, any entity (other than Buyers) engaged in the insurance agency business within the State of Nevada. The Shareholders acknowledge that the confidentiality and non-solicitation covenants to be contained in any employment agreements they may enter into with Buyers will be in addition to, and will not supersede or be subordinate to, the non-competition covenants contained in this **Section 6.5**.

(b) Notwithstanding anything to the contrary in **Section 6.5(a)**, in the event that either of the Buyers terminates any Shareholder's employment without "Cause" (as defined in such Shareholder's employment agreement with Buyers) during the Restricted Period, then the non-competition provisions of **Section 6.5(a)** shall cease to apply to such Shareholder as of such termination date; provided, however, that, notwithstanding the foregoing, for two (2) years following such termination date, such Shareholder agrees not to solicit, divert, accept, nor service, directly or indirectly, as insurance solicitor, insurance agent, insurance broker, insurance wholesaler, managing general agent, or otherwise, for such Shareholder's accounts or the accounts of any other agent, 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 either Buyer during the term of such Shareholder's employment with Buyers, or from any prospective customer or account to whom either Buyer made proposals about which such Shareholder had knowledge, or in which such Shareholder participated, during the last two (2) years of such Shareholder's employment with Buyers.

Section 6.6 ***Pooling-of-Interests Accounting Matters***. Neither Target nor any of the Shareholders shall knowingly take any action, or knowingly fail to take any action, that would jeopardize the treatment of this transaction as a "pooling of interests" for accounting purposes. Without limiting the generality of the foregoing, each of the Shareholders agrees that they would each be deemed "Affiliates" of Target (as such term is defined in **Section 3.23(b)** of this Agreement) and that, in order to preserve the pooling-of-interests treatment of this transaction, such Shareholder shall not sell, pledge, hypothecate, or otherwise transfer or encumber any Brown & Brown Shares issued to such Shareholder under this Agreement until the final results of at least thirty (30) days of post-Closing combined operations have been published by Brown & Brown, via the issuance of a quarterly earnings report or other means at Brown & Brown's sole discretion.

Section 6.7 ***Remedy for Breach of Covenants***. In the event of a breach of the provisions of **Section 6.5** or **6.6**, Buyers shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare the covenants set forth in **Section 6.5** or **6.6** unenforceable due to a unreasonable restriction, duration, geographical area or otherwise, the parties agree that such court shall be empowered and shall grant Buyers and their affiliates injunctive relief to the extent reasonably necessary to protect their respective interests. The Shareholders each acknowledge that the covenants set forth in **Sections 6.5** and **6.6** represent an important element of Target's value and were a material inducement for Buyers to enter into this Agreement.

Section 6.8 ***Successor Rights***. The covenants contained in **Section 6.5** and **6.6** shall inure to the benefit of any successor in interests of either Buyer by way of merger, consolidation, sale or other succession.

Section 6.9 ***Errors and Omissions, Employment Practices Liability, and Employee Dishonesty Extended Reporting ("Tail") Coverage***. On or prior to the Closing Date, the Shareholders shall cause Target to purchase, at Target's expense, a tail coverage extension on each of Target's errors and omissions (E&O), employment practices liability (EPL), and employee dishonesty insurance policy (or employee dishonesty bond, as the case may be). Such coverages shall extend for a period of at least five (5) years from the Closing Date, shall have the same coverages and deductibles currently in effect, and shall otherwise be in form

reasonably acceptable to Buyers. A certificate of insurance evidencing each such coverage shall be delivered to Buyers at or prior to Closing.

Section 6.10 ***"Cap Letter" Agreement.*** On or before the Closing Date, the Shareholders shall deliver to Buyers, a letter agreement (the "Cap Letter Agreement") executed by the Shareholders and by the plaintiffs (the "Plaintiffs") referenced in that certain pending suit captioned *Mandalay Resort Group, f/k/a Circus Circus Enterprises, Inc., Mandalay Development f/k/a Circus Circus Development Corp., and Mandalay Corp. vs. Allendale Mutual Insurance Company, FM Global, Successor in Interest to Allendale Mutual Insurance Company, Factory Mutual Insurance Company, and Layne & Associates, Ltd.*, Case No. A415356, District Court, Clark County, Nevada, filed February 23, 2000 (the "Litigation"), whereby Plaintiffs each agree to limit or cap the aggregate amount of damages Plaintiffs shall seek to recover from Target and/or Buyers in such Litigation, in form and substance acceptable to Buyers in their sole discretion.

Section 6.11 ***Release.*** The Shareholders each agree on the Closing Date to execute and deliver the Release.

Section 6.12 ***Pledge Agreement***. The parties agree on the Closing Date to enter into the Pledge Agreement.

Section 6.13 ***Shareholder Employment Agreements.*** Brown & Brown and each of the Shareholders agree on the Closing Date to enter into the respective Shareholder Employment Agreements.

Section 6.14 *Spousal Consents.* The Shareholders agree on the Closing Date to deliver Spousal Consents, executed by the Shareholders' respective spouses.

Section 6.15 ***Schedules.*** The Shareholders agree prior to the Closing Date to deliver Schedules in form and substance satisfactory to Buyers.

Section 6.16 ***Articles of Merger.*** Each of the parties agree on the Closing Date to execute the Articles of Merger, and Acquisition Co. agrees to file such duly executed Articles of Merger promptly after the Closing.

Section 6.17 ***Promissory Notes.*** The Shareholders agree prior to the Closing Date to deliver the Promissory Notes, executed by the respective Target producers.

Section 6.18 ***Confidentiality.*** The parties agree to maintain the existence of this transaction and the terms hereof in confidence, until the earliest of the following circumstances occurs: (a) the parties mutually agree to release such information to the public; (b) Buyers reasonably conclude that such disclosure is required by law; or (c) the Closing has occurred and ownership of the Target Shares has passed to Buyers.

Section 6.19 ***Preparation of Tax Return.*** The Shareholders recognize that a year-to-date income tax return must be prepared and filed for Target as a result of this transaction and that the Shareholders are primarily responsible for preparing this return. The Shareholders therefore agree to prepare this return promptly after the Closing, at their expense, and deliver it to Target to review and file. Buyers shall be solely responsible for any changes they make to the return prepared by the Shareholders.

Article 7

Conditions

Section 7.1 ***Conditions to Each Party's Obligation.*** The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction prior to or on the Closing Date of the following conditions:

(a) *Approvals.* All authorizations, consents, orders, or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity, the failure to obtain which would have a material adverse effect on Target, shall have been filed, occurred, or been obtained.

(b) *No Injunctions or Restraints.* No temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transaction shall be in effect.

Section 7.2 ***Conditions to Obligations of Buyers.*** (a) The obligation of Buyers to effect the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions, unless waived by Buyers:

(i) *Representations and Warranties.* The representations and warranties of the Shareholders set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(ii) *Performance of Obligations by the Shareholders.* The Shareholders shall have performed all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(iii) *Employment Agreements.* (A) Each Shareholder shall have executed and delivered to Buyers a copy of his respective Shareholder Employment Agreement, and (A) each key employee of Target, i.e., Target's producers (including, without limitation, Edwin Carlton, III) that Buyers intend to retain shall have executed and delivered to Buyers a copy of an employment agreement with Brown & Brown or Acquisition Co., as the case may be, which employment agreements contain confidentiality, non-solicitation and, with respect to employee Edwin Carlton, III, non-competition provisions.

(iv) *Due Diligence*. Buyers shall be satisfied, in their sole discretion, with the results of their due diligence investigation of Target.

(v) *Opinion of the Shareholders' Counsel*. The Shareholders shall have delivered to Buyers a written opinion of counsel dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyers.

(vi) *Pledge Agreement.* The Shareholders shall have executed and delivered to Buyers the Pledge Agreement.

(vii) *Release*. Each Shareholder shall have executed and delivered to Buyers the Release.

(viii) *Spousal Consents.* The Shareholders shall have delivered Spousal Consents, executed by the Shareholders' respective spouses, to Buyers.

(viii) *Schedules.* The Shareholders shall have delivered to Buyers those Schedules required under this Agreement to delivered by the Shareholders to Buyers.

(ix) *Articles of Merger.* Target shall have executed and delivered to Buyers the Articles of Merger.

(x) *Promissory Notes.* Target shall have delivered the Promissory Notes, executed by the respective Target producers.

(xi) *E&O, EPL and Employee Dishonesty Tail Coverage*. The Shareholders shall have delivered or caused to be delivered to Buyers a Certificate of Insurance evidencing Target's E&O, EPL and employee dishonesty tail coverage policies required under **Section 6.9**.

(xii) *Adverse Changes*. There shall have been no material adverse change to the business or financial condition of Target since the Balance Sheet Date.

(xiii) *Buyers' Board Approval.* Buyers' Boards of Directors shall have approved the Merger, this Agreement and the transactions and other agreements, instruments and documents contemplated herein, and Brown & Brown's Board of Directors shall have approved the issuance of the Brown & Brown Shares to the Shareholders.

(xiv) *Approval of Shareholders and Target.* Target and the Shareholders shall have delivered to Buyers resolutions evidencing the Shareholders' and Target's Board of Director's approval of the Merger, this Agreement and the transactions and other agreements, instruments and documents contemplated herein.

(xv) *Tangible Net Worth.* Buyers shall be satisfied that Target has a tangible net worth as of the Closing Date, after appropriate reductions including, but not limited to, the cost of purchasing the E&O, EPL and employee dishonesty tail coverage policies required under **Section 6.9** hereof, all distributions to the Shareholders, and the write-off of all accounts receivables aged over fifty-nine (59) days, of at least ten percent (10%) of Target's trailing twelve (12) month Core Revenue, as set forth in Schedule 7.2(a)(xv).

(xvi) *Termination of Certain Agreements and Plans.* The Sellers shall have delivered Board of Directors resolutions and such other instruments as Buyers may deem necessary or desirable, in their sole discretion, to evidence that Target has terminated, and Target shall have no liability whatsoever (including, without limitation, the making of any payment in connection with such termination) with respect to: (A) any Shareholder's employment agreement, or any agreement with Target regarding outstanding subscriptions, options, warrants, rights, securities (including, without limitation, those convertible or exchangeable into the capital stock or other ownership or equity interests of Target), contracts, agreements, commitments, understandings or other arrangements (whether oral or written) under which Target is bound or obligated to issue any additional shares of capital stock or rights to purchase shares of capital stock; (B) all of its Employee Benefits Plans (except Target's Employee Welfare Benefit Plans, as defined in **Section 3.20(b)** hereof), with such termination effective prior to the Closing Date, and all of its Employee Welfare Benefit Plans effective no later than August 1, 2001, along with a form notice to Target's employees, satisfactory to Buyers, regarding the termination of Target's Employee Welfare Benefit Plans, which notice shall be delivered to Target's employees promptly after Closing; (C) any life insurance policies on the lives of any of the executives and other officers of Target, together with any agreements to provide any of such policies at the expense of Target; and (D) any and all leases of employee vehicles and any agreements with employees related to the provision of Target vehicles, or for the payment of a periodic vehicle allowance, by Target.

(xvii) *Accounting and Tax Treatment; Securities Exemption*. Buyers shall be satisfied that the Merger and related issuance of the Brown & Brown Shares shall qualify (A) for treatment for accounting purposes as a pooling-of-interests transaction and (B) for an exemption from registration under federal and state securities laws.

(xviii) *Cap Letter Agreement.* The Shareholders shall have delivered to Buyers the Cap Letter Agreement as described in **Section 6.10** hereof.

(b) For purposes of this Agreement, the term "Core Operating Profit" means the excess of Core Revenue (as defined below) over Expenses (as defined below), determined in accordance with generally accepted accounting principles and the usual methods and conventions of accounting used by Buyers. As used herein:

(i) "Core Revenue" means Target's commission revenue net of any commissions paid to any third party producing agent or agency, or to any third party broker, but shall not include contingent commissions, override commissions, first year life insurance commissions, or any income item (such as interest and countersignature fees) other than earned commissions and fees earned in

lieu of commissions. Revenues generated from any one account shall not be included more than once in any twelve-month period in determining Core Revenue for such period. Core Revenue will be determined in accordance with generally accepted accounting principles. Specifically, direct bill revenue is recognized when received (cash basis) and agency bill revenue is recognized on the later of the effective date of the policy installment or the date the installment is billed to the customer.

(ii) "Expenses" shall include all standard operating expenses and other corporate charges of Buyers as reflected in the pro forma profit and loss statement attached hereto as Schedule 7.2(b)(ii) (the "Pro Forma"), including, without limitation, write-offs of all accounts receivable aged over fifty-nine (59) days, an overhead charge based on net revenues as calculated in the manner set forth in the Pro Forma (which shall be set at four percent (4%)), charges for insurance coverages and audit and professional expenses calculated and allocated in the manner shown in the Pro Forma, and the profit center bonus for the applicable period, but shall not include income taxes or amortization.

Section 7.3 ***Conditions to Obligation of the Shareholders.*** The obligations of the Shareholders to effect the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions, unless waived by the Shareholders:

(a) *Representations and Warranties.* The representations and warranties of Buyers set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by Buyers.* Buyers shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(c) *Opinion of Buyer's Counsel*. Buyer's Assistant General Counsel shall have delivered to the Shareholders a written opinion dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to the Shareholders.

Article 8

Indemnification

Section 8.1 ***Survival of Representations, Warranties, Indemnities and Covenants.*** The representations, warranties and indemnities set forth in this Agreement and any right to bring an action at law, in equity, or otherwise for any misrepresentation or breach of warranty under this Agreement shall survive for a period of one (1) year from the Closing Date. All post-closing covenants set forth in **Article 6** hereof shall survive the Closing for the period specified in this Agreement or, if not specified, for a period of one (1) year following the Closing Date.

Section 8.2 ***Indemnification Provisions for the Benefit of Buyers.*** Subject to **Section 8.4**, the Shareholders, jointly and severally, agree to indemnify and hold Buyers and their respective officers, directors and affiliates harmless from and against any and all Adverse Consequences (as defined below) that any of such parties may suffer or incur resulting from, arising out of, relating to, or caused by (a) the material breach of any of the Shareholders' representations, warranties, obligations or covenants contained herein, (b) the operation of Target's insurance agency business (excluding expenses accrued in the ordinary course of business prior to Closing) or ownership of the Target Shares by the Shareholders on or prior to the Closing Date, including, without limitation, any claims or lawsuits based on conduct of Target or the Shareholders occurring before the Closing, or (c) the failure of any producer of Target that elected to purchase his or her book of business to make the first annual payment under such producer's Promissory Note within the one (1) year period following the Closing Date. For purposes of this **Article 8**, the phrase "Adverse Consequences" means all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations, injunctions, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), obligations, taxes, liens, losses, expenses, and fees, including all attorneys' fees and court costs.

Section 8.3 ***Indemnification Provisions for the Benefit of the Shareholders***. Subject to **Section 8.4**, Buyers agree, jointly and severally, to indemnify and hold the Shareholders harmless from and against any and all Adverse Consequences the Shareholders may suffer or incur resulting from, arising out of, relating to, or caused by (a) the material breach of any of Buyer's representations, warranties, obligations or covenants contained herein, or (b) the operation of the insurance agency business of Target after the Closing Date, including, without limitation, any claims or lawsuits based on conduct of either Buyer occurring after the Closing. For purposes of **subsection (b)** of this **Section 8.3**, the parties each agree that the any servicing, administration, or other responsibilities or duties in connection with any insurance association, whether in the capacity as insurance agent, managing general agent, association representative, or otherwise.

Section 8.4 ***Maximum Indemnification Obligation; Materiality Threshold.*** (a) The maximum indemnification obligation of any party (Target and the Shareholders being collectively referred to as one party for purposes of this **Section 8.4**) hereunder shall be limited to the aggregate value, as of the Closing Date, of the Merger Consideration (the "Maximum Liability Amount").

(b) No party (Target and the Shareholders being collectively referred to as one party for purposes of this **Section 8.4**) shall be entitled to indemnification hereunder with respect to any claim or claims unless and until the aggregate amount of the indemnified claim or claims exceeds $50,000.00. Once such party's claims exceed $50,000.00 in the aggregate, such party shall be entitled to be indemnified for the full amount of its claims, including the initial $50,000.00 thereof.

(c) Notwithstanding anything to the contrary in this **Section 8.4**, Target's and the Shareholders' indemnification obligations under this **Article 8** with respect to any and all Adverse Consequences that Buyer may suffer or incur resulting from, arising out of,

relating to, or caused by Seller's or the Shareholders' breach of their respective covenants set forth in **Sections 6.5, 6.6** or **6.16** hereof shall not be subject to the Maximum Liability Amount or the Maximum Threshold Amount.

Article 9

[INTENTIONALLY OMITTED]

Article 10

Miscellaneous

Section 10.1 ***Notices.*** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (if confirmed), or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses or at such other address for a party as shall be specified by like notice:

(a) If to Buyers, to

Brown & Brown, Inc.
401 E. Jackson Street, Suite 1700
Tampa, Florida 33602
Telecopy No.: (813) 222-4464
Attn: Laurel L. Grammig, Esq.

(b) if to the Shareholders, to

Robert Bruce Layne
26 Club Vista
Henderson, Nevada 89052
Telecopy No.: (702) 435-4465

with a copy to

Schreck Brignone Godfrey
Suite 1200
300 South Fourth Street
Las Vegas, Nevada 89101
Telecopy No.: (702) 382-8135
Attn: L. Terry Jones, Esq.

Section 10.2 ***Use of Term "Knowledge".*** With respect to the term "Knowledge" as used herein: (a) an individual will be deemed to have "Knowledge" of a particular fact or other matter if (i) such individual is actually aware of such fact or other matter, or (ii) a prudent individual could be expected to discover or otherwise become of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or matter; and (b) a corporation will be deemed to have "Knowledge" of a particular fact or other matter if any individual who is serving, as of the Closing Date, as a director or officer of such corporation has, or at any time had, Knowledge of such fact or other matter.

Section 10.3 ***Counterparts.*** This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 10.4 ***Entire Agreement.*** This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

Section 10.5 ***Assignment.*** Except as contemplated in **Section 6.8** hereof, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. This Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and assigns.

Section 10.6 ***Amendment.*** This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties hereto.

Section 10.7 ***Joint Efforts***. This Agreement is the result of the joint efforts and negotiations of the parties hereto, with each party being represented, or having the opportunity to be represented, by legal counsel of its own choice, and no singular party is the author or drafter of the provisions hereof. Each of the parties assumes joint responsibility for the form and composition of this Agreement and each party agrees that this Agreement shall be interpreted as though each of the parties participated equally in the

composition of this Agreement and each and every provision and part hereof. The parties agree that the rule of judicial interpretation to the effect that any ambiguity or uncertainty contained in an agreement is to be construed against the party that drafted the agreement shall not be applied in the event of any disagreement or dispute arising out of this Agreement.

Section 10.8 ***Headings***. All paragraph headings herein are inserted for convenience of reference only and shall not modify or affect the construction or interpretation of any provision of this Agreement.

Section 10.9 ***Severability***. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be illegal, invalid or unenforceable, either in whole or in part, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions or covenants, or any part thereof, all of which shall remain in full force and effect.

Section 10.10 ***Attorneys' Fees***. The prevailing party in any proceeding brought to enforce the provisions of this Agreement shall be entitled to an award of reasonable attorneys' fees and costs incurred at both the trial and appellate levels incurred in enforcing its rights hereunder.

Section 10.11 ***Governing Law.*** This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida without regard to conflicts of laws principles thereof, except as to the effectuation of the Merger, which shall be governed by and construed and enforced in accordance with the NRS.

*** * * * * * * * * ***

[Remainder of Page Intentionally Left Blank - Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed or caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

BUYERS:

BROWN & BROWN, INC.

By: /S/ KENNETH D. KIRK
Name: Kenneth D. Kirk
Title: Regional Executive Vice President

AZURE V ACQUISITION CORPORATION

By: /S/ KENNETH D. KIRK
Name: Kenneth D. Kirk
Title: President

SELLERS:

LAYNE & ASSOCIATES, LTD.

By:/S/ ROBERT BRUCE LAYNE
Name: Robert Bruce Layne
Title: President

/S/ ROBERT BRUCE LAYNE
Robert Bruce Layne, individually

/S RANDALL V. CAPURRO
Randall V. Capurro, individually

SCHEDULES AND EXHIBITS

Schedule 3.5: Consents and Approvals
Schedule 3.6: Third Party Options
Schedule 3.9(a): Book of Business
Schedule 3.11: Litigation and Claims
Schedule 3.14: Material Contracts
Schedule 3.16: Insurance Policies
Schedule 3.18: Employee Dishonesty Coverage
Schedule 3.20: Employee Benefit Plans
Schedule 3.21(c): Owned Intellectual Property
Schedule 3.21(d): Licensed Intellectual Property
Schedule 3.23(a): Pooling-of-Interests Accounting Matters
Schedule 7.2(a)(xv): Tangible Net Worth
Schedule 7.2(b)(ii): Pro Forma

Exhibit 1.2: Articles of Merger

Exhibit 2.2(a)(ii): Release

Exhibit 2.2(a)(iii): Pledge Agreement

Exhibit 2.2(a)(iv): Opinion of the Shareholders' Counsel

Exhibit 2.2(a)(v)(A): Layne Employment Agreement

Exhibit 2.2 (a)(v)(B): Capurro Employment Agreement

Exhibit 2.2(a)(vi): Spousal Consent

Exhibit 2.2(b)(ii): Opinion of Buyer's Counsel

EXHIBIT 10.3

AGREEMENT AND

PLAN OF MERGER

This **AGREEMENT AND PLAN OF MERGER** (this "Agreement"), dated as of July 16, 2001 (the "Agreement Date"), is made and entered into by and among **BROWN & Brown, Inc.**, a Florida corporation ("Brown & Brown"), **BROWN & BROWN OF OKLAHOMA, INC.**, an Oklahoma corporation and wholly-owned subsidiary of Brown & Brown, the principal business address of which is 220 South Ridgewood Avenue, Daytona Beach, Florida 32114 ("Merger Sub"; Merger Sub and Brown & Brown are sometimes hereinafter referred to collectively as the "Buyers"); **AGENCY OF INSURANCE PROFESSIONALS, INC.**, an Oklahoma corporation, the principal business address of which is 115 South Adair Street, Pryor, Oklahoma 74361 ("Target"); and **WILLIAM D. EVANS,** a resident of the State of Oklahoma ("Evans"), **JOHN C. HAWKINS**, a resident of the State of Oklahoma ("Hawkins"), and **ROBERT W. SHEARER**, a resident of the State of Oklahoma ("Shearer" and collectively with Evans and Hawkins, each a "Shareholder" and collectively, the "Shareholders") (Target and the Shareholders are sometimes hereinafter referred to collectively as the "Sellers").

Background

The Shareholders own all of the outstanding capital stock of Target. Target is engaged primarily in the insurance agency business (including the administration of insurance programs) in the State of Oklahoma. The respective Boards of Directors of Brown & Brown, Merger Sub and Target have determined that it is advisable and in the best interests of the companies and their respective stockholders that Target merge with and into Merger Sub pursuant to this Agreement with Merger Sub being the surviving corporation (the "Merger"). Brown & Brown, Merger Sub and the Sellers desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also prescribe certain conditions to the Merger. It is the intent of the parties hereto that the transactions contemplated in this Agreement be treated as a pooling-of-interests transaction for accounting purposes and as a tax-free reorganization as described in Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, pursuant to an Agreement and Plan of Merger of this date (the "LLC Merger Agreement") among Brown & Brown, CV Merger Co., an Oklahoma corporation and wholly-owned subsidiary of Brown & Brown, CompVantage Insurance Agency, L.L.C. ("CompVantage") and Agency of Indian Programs Insurance, L.L.C. ("Indian Programs" and together with CompVantage, the "LLCs"), each an Oklahoma limited liability company and affiliate of Target, and each of the Shareholders (who are the sole members of each of the LLCs), the LLCs will merge with and into CV Merger Co., with CV Merger Co. as the surviving corporation.

THEREFORE, in consideration of the respective representations, warranties, covenants and agreements set forth herein, the parties agree as follow:

Article 1

The Merger

Section 1.1 ***The Merger.*** At the Effective Time (as defined in **Section 1.2** hereof), upon the terms and subject to the conditions set forth in this Agreement, Target shall be merged with and into Merger Sub in accordance with Section 1081 of the Oklahoma General Corporation Act (the "OGCA"). As a result of the Merger, the separate existence of Target shall cease and Merger Sub shall continue as the surviving corporation of the Merger (the "Surviving Corporation").

Section 1.2 ***Consummation of Merger.*** As promptly as practicable after the satisfaction or, if permissible, waiver in writing of the conditions set forth in **Article 7** hereof (including, without limitation, Target's and Merger Sub's delivery of the Tax Clearance Letters (as defined in **Section 6.11**), as required under **Section 7.1(d)** hereof), the parties hereto shall cause the Merger to be consummated by Merger Sub filing a Certificate of Merger, substantially in the form of Exhibit 1.2 (the "Certificate of Merger"), in such form as required by, and executed in accordance with, the relevant provisions of the OGCA (the time of such filing being herein referred to as the "Effective Time" and the date of such filing being herein referred to as the "Merger Date").

Section 1.3 ***Effect of the Merger.*** At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of the OGCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, except as otherwise provided herein, the identity, all of the property (whether real, personal or mixed), rights, privileges, powers, immunities, franchises, debts, liabilities and duties of Target shall be merged with, fully vest in and become the rights, privileges, powers, immunities, franchises, debts, liabilities and duties of the Surviving Corporation and the separate existence of Target shall cease.

Section 1.4 ***Certificate of Incorporation; Bylaws.*** At the Effective Time, the Certificate of Incorporation and the Bylaws of the Surviving Corporation shall be the Certificate of Incorporation and Bylaws of Merger Sub as in effect immediately prior to the Effective Time, in each case until duly amended in accordance with applicable law.

Section 1.5 ***Directors and Officers.***

(a) At the Effective Time, the directors of the Surviving Corporation shall be the directors of Merger Sub immediately prior to the Effective Time, to hold office in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation, until their successors are duly elected or appointed and qualified.

(b) At the Effective Time, the officers of the Surviving Corporation shall be the officers of Merger Sub immediately prior to the Effective Time, in each case until their respective successors are duly elected or appointed and qualified.

Section 1.6 ***Name of Surviving Corporation*.** As of the Effective Time, the name of the Surviving Corporation shall be Brown & Brown of Oklahoma, Inc., an Oklahoma corporation. The Buyers shall notify the Oklahoma Department of Insurance of any changes in the corporate name or officers of Target promptly after the Merger Date.

Section 1.7 ***Merger Consideration***. Subject to the satisfaction of the terms and conditions of this Agreement, and by virtue of the Merger and without any action on the part of the Shareholders, all of the issued and outstanding capital stock of Target (the "Target Shares") will be converted into the right to receive, and the Shareholders shall receive, based upon their respective interests in Target as set forth on **Section 1.8(a)(ii)** hereto, a total of 102,114 shares of the common stock of Brown & Brown (collectively, the "Brown & Brown Shares"), which is equal to (a) Four Million Two Hundred Thousand and No/100 ($4,250,000.00) divided by (b) $41.62 (the "Average Price"), which is the average closing price for a share of common stock of Brown & Brown, as reported on the New York Stock Exchange, in the twenty (20) day period ending at the close of business on the third (3rd) business day in advance of the Closing Date (as defined in **Section 2.1** hereof).

Section 1.8 ***Delivery of Brown & Brown Shares*.** (a) The Brown & Brown Shares shall be issued as Merger Consideration to the Shareholders as follows:

(i) a total of 10,211 shares, representing ten percent (10%) of the Brown & Brown Shares (the "Pledged Shares"), shall be pledged to Buyers as partial security for the indemnification obligations of the Shareholders under **Article 8** hereof. These Pledged Shares, subject to any reduction in number as may be necessary to satisfy the Shareholders' indemnification obligations, shall be delivered to the Shareholders one (1) year after the Closing Date, in accordance with the terms of the Pledge Agreement attached hereto as Exhibit 2.2(a)(iii); and

(ii) a total of 91,903 shares, representing the remainder of the Brown & Brown Shares, shall be delivered to the Shareholders at the Closing (as defined in **Section 2.1** hereof). Of the total number of Brown & Brown Shares to be issued to the Shareholders as Merger Consideration, (A) 45,951 shares, which equals forty-five percent (45%) of the total number of Brown & Brown Shares to be issued hereunder, will be issued to Evans, of which 41,356 shares will be delivered at Closing, (B) 45,951 shares, which equals forty-five percent (45%) of the total number of Brown & Brown Shares to be issued hereunder, will be issued to Hawkins, of which 41,356 shares will be delivered at Closing, and (C) 10,212 shares, which equals ten percent (10%) of the total number of Brown & Brown Shares to be issued hereunder, will be issued to Shearer, of which 9,191 shares will be delivered at Closing.

(b) The parties agree that the dollar value of each Brown & Brown Share shall be the Average Price for all purposes in determining (i) the number of Brown & Brown Shares to be issued under **Sections 1.7** and **1.8(a)(ii)** hereof, (ii) the number of Brown & Brown Shares to be pledged under this **Section 1.8(a)(i)**, or (iii) the number of Pledged Shares Buyers may withhold to satisfy an indemnifiable claim, notwithstanding the actual market value of such shares (in each case with respect to clauses **(i)**, **(ii)** or **(iii)**, as adjusted for any stock splits or stock dividends).

(c) No certificate representing fractional Brown & Brown Shares will be issued in the Merger and such fractional share interests will not entitle the owner thereof to vote or to any rights of a shareholder of Brown & Brown. In lieu of any such fractional shares, the Shareholders will each be entitled to receive from Brown & Brown (after aggregating all fractional shares of Brown & Brown Shares issuable to such Seller) Brown & Brown Shares rounded upward or downward to the nearest whole share with a factor of one-half (1/2) or greater rounded up to the nearest whole share.

Section 1.9 ***Effect on Target Shares.*** From and after the Merger Date, the Target Shares shall be canceled and terminated, shall represent solely the right to receive the Merger Consideration in respect of the Target Shares, and shall have no other rights. No interest shall accrue or be payable on any Merger Consideration.

Section 1.10 ***Brown & Brown Shares.*** All Brown & Brown Shares received by the Shareholders pursuant to this Agreement shall, except for restrictions on resale, pledge, or transfer described in **Section 6.6** hereof or in the Registration Rights Addendum described in **Section 1.12** hereof, have the same rights as all of the other shares of outstanding Brown & Brown common stock by reason of the provisions of the Certificate of Incorporation of Brown & Brown or as otherwise provided by the Florida Business Corporation Act. All voting rights of such Brown & Brown Shares received by the Shareholders shall be fully exercisable by the Shareholders and the Shareholders shall not be deprived nor restricted in exercising those rights.

Section 1.11 ***Accounting and Tax Treatment***. The parties agree (a) to structure this transaction as a tax-free exchange, and (b) as more fully described in **Section 6.6** of this Agreement, to treat this transaction for accounting purposes as a pooling-of-interests transaction and to take all actions necessary to characterize the transaction as such.

Section 1.12 ***Registration of Brown & Brown Shares.*** The Shareholders shall have the rights and obligations set forth in the Registration Rights Addendum attached hereto with respect to the registration of the Brown & Brown Shares for sale and other matters addressed therein.

Article 2

Closing, Items to be Delivered,

Further Assurances, and Effective Date

Section 2.1 ***Closing.*** The consummation of the Merger under this Agreement (the "Closing") will take place at 9:00 a.m., local time, on the date on which all of the closing conditions set forth in **Article 7** of this Agreement are satisfied including, without limitation, the filing of those documents or instruments necessary to effect the Merger pursuant to applicable state law (the "Closing Date"), at Buyer's offices of 401 E. Jackson Street, Suite 1700, Tampa, Florida 33602, unless another date or place is agreed to in writing by the parties hereto.

Section 2.2 ***Closing Obligations.*** At the Closing:

(a) The Shareholders will deliver to Buyer:

(i) certificates representing the Target Shares to Buyers, which certificates have been marked "CANCELED" by Target;

(ii) a release in the form of Exhibit 2.2(a)(ii), executed by each of the Shareholders (the "Release");

(iii) a pledge agreement in the form of Exhibit 2.2(a)(iii), executed by each of the Shareholders (the "Pledge Agreement"), along with executed stock powers for the Pledged Shares, with signatures guaranteed by a commercial bank or by a member firm of the New York Stock Exchange;

(iv) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyers (the "Opinion of Shareholders' Counsel");

(v) employment agreements, each substantially in the form of Exhibit 2.2(a)(v), executed by Evans, Hawkins, and Shearer, respectively (each a "Shareholder Employment Agreement" and collectively, the "Shareholder Employment Agreements");

(vi) Buyers' standard employment agreement, executed by each Target employee that Buyer intends to retain;

(vii) the Certificate of Merger, duly executed by Target, to be filed with the Secretary of State of the State of Oklahoma;

(viii) written consent for this Merger transaction, in form and substance reasonably acceptable to the Buyers, obtained from those parties identified on Schedule 3.5;

(ix) The Sellers shall have delivered Board of Directors resolutions, duly adopted in accordance with the OGCA, and such other instruments as Buyers may deem necessary or desirable, in their sole discretion, to evidence that Target has terminated, and Target shall have no liability whatsoever (including, without limitation, the making of any payment in connection with such termination) with respect to: (A) any Shareholder's employment agreement, or any agreement with Target regarding outstanding subscriptions, options, warrants, rights, securities (including, without limitation, those convertible or exchangeable into the capital stock or other ownership or equity interests of Target), contracts, agreements, commitments, understandings or other arrangements (whether oral or written) under which Target is bound or obligated to issue any additional shares of capital stock or rights to purchase shares of capital stock; (B) all of its Employee Benefits Plans (except Target's Employee Welfare Benefit Plans, as defined in **Section 3.20(b)** hereof), with such termination effective prior to the Closing Date, and all of its Employee Welfare Benefit Plans effective no later than August 1, 2001, along with a form notice to Target's employees, satisfactory to Buyers, regarding the termination of Target's Employee Welfare Benefit Plans, which notice shall be delivered to Target's employees promptly after Closing; (C) any life insurance policies on the lives of any of the executives and other officers of Target, together with any agreements to provide any of such policies at the expense of Target; and (D) any and all leases of employee vehicles and any agreements with employees related to the provision of Target vehicles, or for the payment of a periodic vehicle allowance, by Target (the "Target Board Resolutions"); and

(x) resolutions of the Shareholders, duly adopted and executed in accordance with the relevant provisions of the OGCA, approving the Merger and the other transactions contemplated herein, the Agreement, and the Ancillary Documents (the "Shareholder Resolutions"); and

(b) Buyers shall deliver to the Shareholders:

(i) certificates representing the number of Brown & Brown Shares to be issued to the Shareholders at the Closing pursuant to **Section 1.8(a)(ii)** hereof;

(ii) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to Sellers (the "Opinion of Buyers' Counsel");

(iii) the Shareholder Employment Agreements, executed by Brown & Brown; and

(iv) the Certificate of Merger, duly executed by Merger Sub, to be filed with the Secretary of State of the State of Oklahoma.

Section 2.4 ***Mutual Performance.*** At or prior to the Closing, the parties hereto shall also deliver to each other the agreements, certificates, and other documents and instruments referred to in **Articles 6** and **7** hereof.

Section 2.5 ***Third Party Consents.*** To the extent that the Merger may not be consummated hereunder without the consent of another person which has not been obtained, this Agreement shall not constitute an agreement to consummate such Merger if an attempted transfer would constitute a breach thereof or be unlawful, and the Shareholders, at their expense, shall use their best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted transfer would be ineffective or would impair Buyers' rights so that Buyers would not in effect acquire the benefit of all such rights, the Shareholders, to the maximum extent permitted by law, shall act after the Closing as Buyers' agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by law, with Buyers in any other reasonable arrangement designed to provide such benefits to Buyers.

Section 2.6 ***Further Assurances.*** From time to time after the Closing, at Buyer's request, the Shareholders will execute, acknowledge and deliver to the Buyers such other instruments of conveyance and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as the Buyers may reasonably request in order to vest more effectively the Merger. Each of the parties hereto will cooperate with the others and execute, acknowledge and deliver to the other parties such other instruments and documents and take such other actions as may be reasonably requested from time to time by such other party as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

Section 2.7 ***Effective Date***. The Effective Date of this Agreement and all related instruments executed at the Closing shall be the Merger Date.

Article 3

Representations and Warranties of the Sellers

The Sellers represent and warrant to the Buyers as follows:

Section 3.1 ***Organization.*** Target is a corporation organized and in good standing under the laws of Oklahoma and its status is active. Target has all requisite corporate power and authority and all necessary governmental approvals to own, lease, and operate its properties and to carry on its business as now being conducted. Target is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the conduct of its insurance agency business requires it to be so qualified.

Section 3.2 ***Authority.*** The Shareholders have the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Shareholders and constitutes their valid and binding obligation, enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, or similar laws from time to time in effect which offset creditors' rights generally, and general equitable principles.

Section 3.3 ***Capitalization.*** The Target Shares constitute all of the issued and outstanding shares of capital stock of Target. All of the Target Shares have been duly issued and are fully paid and nonassessable. All of the Target Shares are owned and held by the Shareholders, free and clear of all liens, encumbrances or other third-party rights of any kind whatsoever. There are no outstanding agreements, options, rights or privileges, whether preemptive or contractual, to acquire shares of capital stock or other securities of Target.

Section 3.4 ***Corporate Records***. The Shareholders have delivered to Buyers correct and complete copies of the Certificate of Incorporation and Bylaws of Target, each as amended to date. The minute books containing the records of meetings of the shareholders, board of directors, and any committees of the board of directors, the stock certificate books, and the stock record books of Target are correct and complete and have been made available for inspection by Buyers. Target is not in default under or in violation of any provision of its Certificate of Incorporation or Bylaws.

Section 3.5 ***Consents and Approvals; No Violations.*** Except as set forth in Schedule 3.5, neither the execution, delivery or performance of this Agreement by the Shareholders nor the consummation by them of the transactions contemplated hereby nor compliance by them with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of Target, (b) except with respect to the filing of the Certificate of Merger with the Secretary of State of Oklahoma, require any filing with, or permit, authorization, consent, or approval of, any court, arbitral tribunal, administrative agency or commission, or other governmental or regulatory authority or agency (each a "Governmental Entity"), except where the failure to obtain such permits, authorizations, consents, or approvals or to make such filings would not have a material adverse effect, (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions, or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which any of the Shareholders or Target is a party or by which any of the Shareholders or Target or any of their respective properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Shareholders or Target, or any of their respective properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect on Target or Buyer's ownership of the Target Shares.

Section 3.6 ***No Third Party Options.*** Except as set forth in Schedule 3.6, there are no existing agreements, options, commitments, or rights with, of or to any person to acquire any of Target's capital stock, assets, properties or rights, or any interests therein.

Section 3.7 ***Financial Statements.*** The Shareholders have delivered to Buyers true and complete copies of (a) Target's and the LLCs' consolidated balance sheet as of February 28, 2001 and the related statement of income for the twelve (12) months then ended, and (b) Target's and the LLCs' consolidated balance sheet at May 31, 2001 (the "Balance Sheet Date"), and the related

statement of income for the three (3) months then ended. All of such financial statements were prepared internally by Target and have not been externally reviewed or audited, but were prepared in accordance with Target's standard accounting principles, consistently applied throughout the periods involved. Such balance sheets fairly present the financial position, assets and liabilities (whether accrued, absolute, contingent or otherwise) of Target at the dates indicated and such statements of income fairly present the results of operations for the periods then ended. Target's financial books and records are accurate and complete in all material respects.

Section 3.8 ***Absence of Certain Changes.*** Since the Balance Sheet Date, there have been no events or changes having a material adverse effect on the assets, liabilities, financial condition or operations of Target or, to the Shareholders' or Target's Knowledge (as defined in **Section 10.2** of this Agreement), on the future prospects of Target. Since the Balance Sheet Date, Target has not made any distributions or payments to shareholders (other than normal compensation that may have been paid to the Shareholders in their capacity as bona fide employees) and has not entered into any agreements other than in the ordinary course of business. Since the Balance Sheet Date, Target has carried on business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and has not taken any unusual actions in contemplation of this transaction except to the extent that Buyers have given their prior specific consent.

Section 3.9 ***Assets.*** (a) Except with respect to any liens in favor of Continental Casualty Company (CNA) and First Pryority Bank f/k/a First National Bank of Pryor Creek, Target owns and holds, free and clear of any lien, charge, pledge, security interest, restriction, encumbrance or third-party interests of any kind whatsoever (including insurance company payables), sole and exclusive right, title, and interests in and to the customer expiration records for those customers listed in Schedule 3.9(a), together with the exclusive right to use such records and all customer accounts, copies of insurance policies and contracts in force, and all files, invoices and records pertaining to the customers, their contracts and insurance policies, and all related information. All customer accounts listed in Schedule 3.9(a) represent current customers of Target and none of such accounts has been cancelled or transferred as of the date hereof. Except as otherwise set forth in Schedule 3.9(a), none of the accounts shown in Schedule 3.9(a) represents business that has been brokered through a third party.

(b) The names "Insurance Professionals Inc.", "IPI" and "Beacon Insurance Agencies" are the only trade names used by Target within the past three (3) years. No party has filed a claim during the past three (3) years against Target alleging that it has violated, infringed on or otherwise improperly used the intellectual property rights of such party, or, if so, the claim has been settled with no existing liability to Target and, to the Knowledge of the Shareholders or Target, Target has not violated or infringed any trademark, trade name, service mark, service name, patent, copyright or trade secret held by others.

(c) To the Shareholders' or Target's Knowledge, the computer software of Target performs in accordance with the documentation and other written material used in connection therewith, is substantially free of defects in programming and operation. The Shareholders have delivered to Buyers complete and correct copies of all user and technical documentation related to such software.

(d) Target or the LLCs owns or leases all tangible assets necessary for the conduct of its business. All equipment, inventory, furniture and other assets owned or leased by Target or the LLCs in their business are in a state of good repair and maintenance, having regard for the purposes of which they are used, and the purposes for which such assets are used and for which they are held by Target or the LLCs are not, to the Shareholders' or Target's Knowledge, in violation of any statute, regulation, covenant or restriction. Target or the LLCs owns or leases all office furniture, fixtures and equipment in its offices located in Pryor, Oklahoma.

(e) All notes and accounts receivables of Target are reflected properly on its books and records, are valid receivables subject to no set-offs or counterclaims either asserted to date or of which the Shareholders or Target has Knowledge, are presently current and collectible, and will be collected in accordance with their terms at their recorded amounts. All of Target's accounts payable, including accounts payable to insurance carriers, are current and reflected properly on its books and records, and will be paid in accordance with their terms at their recorded amounts.

Section 3.10 ***Undisclosed Liabilities***. Target has no liabilities, and there is no reasonable basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand against Target giving rise to any liability, except (a) those liabilities reflected in the June 30, 2001 consolidated balance sheet of Target and the LLCs, and (b) liabilities which have arisen after June 30, 2001 in the ordinary course of business (none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of law, or arose from any charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand). Except as set forth in Schedule 3.10, Target has not guaranteed the obligations of any third party, including, without limitation, guarantees relating to premium financing on behalf of its customers.

Section 3.11 ***Litigation and Claims***. Except as disclosed in Schedule 3.11, there is no suit, claim, action, proceeding or investigation pending or, to the Shareholders' or Target's Knowledge, threatened against Target, and there is no basis for such a suit, claim, action, proceeding or investigation. Target is not subject to any outstanding order, writ, injunction or decree which, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have an adverse effect on Target or would prevent the Shareholders from consummating the transactions contemplated hereby. No voluntary or involuntary petition in bankruptcy, receivership, insolvency, or reorganization with respect to the Shareholders or Target has been filed by or, to the Knowledge of the Shareholders or Target, against the Shareholders or Target, nor will the Shareholders or Target file such a petition prior to the Closing Date or for one hundred (100) days thereafter, and if such petition is filed by others, the same will be promptly discharged. Each of the Shareholders is solvent on the date hereof and will be solvent on the Closing Date. Neither the Shareholders nor Target has, and at the Closing Date will not have, made any assignment for the benefit of creditors, or admitted in writing insolvency or that its property at fair valuation will not be sufficient to pay its debts, nor will the Shareholders permit any judgment, execution, attachment, or levy against them or their properties to remain outstanding or unsatisfied for more than ten (10) days.

Section 3.12 ***Compliance with Applicable Law.*** Target holds all permits, licenses, variances, exemptions, orders, and approvals of all Governmental Entities necessary for the lawful conduct of its business (collectively, the "Permits"). Target is in compliance with the terms of the Permits, except where the failure to comply would not have an adverse effect. Target is not conducting business in violation of any law, ordinance or regulation of any Governmental Entity (including, without limitation, the Gramm-Leach Bliley Financial Services Modernization Act of 1999 and any applicable federal or state regulations promulgated pursuant thereto), except for possible violations that individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not, have an adverse effect on its business. As of the date of this Agreement, no investigation or review by any Governmental Entity with respect to Target is pending or, to the Knowledge of the Shareholders or Target, threatened, nor has any Governmental Entity indicated an intention to conduct the same.

Section 3.13 ***Tax Returns and Audits.*** Target has timely filed all federal, state, local and foreign tax returns, including all amended returns, in each jurisdiction where Target is required to do so or has paid or made provision for the payment of any penalty or interests arising from the late filing of any such return, has correctly reflected all taxes required to be shown thereon, and has fully paid or made adequate provision for the payment of all taxes that have been incurred or are due and payable pursuant to such returns or pursuant to any assessment with respect to taxes in such jurisdictions, whether or not in connection with such returns. Target is not currently subject to any audits with respect to any federal, state, local or foreign tax returns required to be filed and there are no unresolved audit issues with respect to prior years' tax returns. There are no circumstances or pending questions relating to potential tax liabilities nor claims asserted for taxes or assessments of Target that, if adversely determined, could result in a tax liability for any period prior to, including, or beginning after the Closing Date or on Target's practices in computing or reporting taxes. Target has not executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect. Target is not holding any unclaimed property that it is required to surrender to any state taxing authority including, without limitation, any uncashed checks or unclaimed wages, and Target has timely filed all unclaimed property reports required to be filed with such state taxing authorities. Target does not purge its records of uncashed checks periodically.

Section 3.14 ***Contracts.*** (a) Schedule 3.14 lists all material contracts, agreements and other written arrangements to which Target is a party, including, without limitation, the following:

(i) any written arrangement (or group of written arrangements) for the furnishing or receipt of services that calls for performance over a period of more than one (1) year;

(ii) any written arrangement concerning a partnership or joint venture;

(iii) any written arrangement (or group of written arrangements) under which Target has created, incurred or assumed or may create, incur or assume indebtedness (including capitalized lease obligations) involving more than $10,000.00 or under which it has imposed (or may impose) a security interest on any of its assets, tangible or intangible;

(iv) any employment agreement;

(v) any written arrangement concerning confidentiality or non-competition;

(vi) any written arrangement involving Target and its present or former affiliates, officers, directors or shareholders;

(vii) any written arrangement under which the consequences of a default or termination could have a material adverse effect on the assets, liabilities, business, financial condition, operations or future prospects of Target; or

(viii) any other written arrangement (or group of related arrangements) either involving more than $10,000.00 or not entered into in the ordinary course of business.

(b) Target is not a party to any verbal contract, agreement or other arrangement which, if reduced to written form, would be required to be listed in Schedule 3.14. The Shareholders have delivered to Buyers a correct and complete copy of each written arrangement, as amended to date, listed in Schedule 3.14. Each such contract, agreement and written arrangement is valid and enforceable in accordance with its terms, and no party is in default under any provision thereof.

Section 3.15 ***Non-Solicitation Covenants.*** Target is not a party to any agreement that restricts its ability to compete in the insurance agency industry or solicit specific insurance accounts.

Section 3.16 ***Insurance Policies.*** Schedule 3.16 sets forth a complete and correct list of all insurance policies held by Target with respect to its business, and true and complete copies of such policies have been delivered to Buyers. Target has substantially complied with all the provisions of such policies and the policies are in full force and effect.

Section 3.17 ***Errors and Omissions; Employment Practices Liability.*** (a) Target has not incurred any liability or taken or failed to take any action that may reasonably be expected to result in (i) a liability for errors or omissions in the conduct of its insurance business or (ii) employment practices liability (EPL), except such liabilities as are fully covered by insurance. All errors and omissions (E&O) and EPL lawsuits and claims currently pending or threatened against Target are set forth in Schedule 3.11. Target has E&O insurance coverage in force, with minimum liability limits of $2 million per occurrence and $6 million aggregate, with a deductible of $5,000.00, and the Sellers will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. Target has had the same or higher levels of E&O coverage continuously in effect for at least the past five (5) years.

(b) Target has EPL insurance coverage in force, with minimum liability limits of $1 million per occurrence and $1 million aggregate, with a deductible of $5,000.00 per claim, and the Sellers will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. Target has had the same or higher levels of EPL coverage continuously in effect for at least the past three (3) years.

Section 3.18 ***Employee Dishonesty Coverage***. Schedule 3.18 sets forth a complete and correct list of all employee dishonesty bonds or policies, including the respective limits thereof, held by Target in the three (3) year period prior to the Closing Date, and true and complete copies of such bonds or policies have been delivered to Buyers. Target has complied with all the provisions of such bonds or policies and Target has an employee dishonesty bond or policy in full force and effect as of the Closing Date.

Section 3.19 ***Employees.*** Except as disclosed in Schedule 3.14, all employees of Target are employees at will, and Target is not a party to any written contract of employment.

Section 3.20 ***Employee Benefit Plans***. Schedule 3.20 lists each Employee Benefit Plan (as defined below) that Target or any trade or business, whether or not incorporated, that together with Target would be deemed a "single employer" within the meaning of Section 4001 of ERISA (as defined below) (a "Target ERISA Affiliate") maintains or to which Target or any Target ERISA Affiliate contributes.

(a) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) complies in form and in operation in all respects with the applicable requirements of ERISA, the Code, and other applicable laws. No such Employee Benefit Plan is under audit by the Internal Revenue Service or the U.S. Department of Labor or comparable state agency.

(b) All required reports and descriptions (including Form 5500 Annual Reports, Summary Annual Reports, PBGC-1s, and summary plan descriptions) have been filed or distributed appropriately with respect to each such Employee Benefit Plan. The requirements of Part 6 of Subtitle B of Title I of ERISA and of Code Section 4980B have been met with respect to each such Employee Benefit Plan that is an "Employee Welfare Benefit Plan" as such term is defined in ERISA Section 3(1).

(c) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been paid to each such Employee Benefit Plan that is an "Employee Pension Benefit Plan" as such term is defined in ERISA Section 3(2), and all contributions for any period ending on or before the Closing Date that are not yet due have been paid to each such Employee Pension Benefit Plan or accrued in accordance with the past custom and practice of Target. All premiums or other payments for all periods ending on or before the Closing Date have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(d) Each such Employee Benefit Plan that is an Employee Pension Benefit Plan meets the requirements of a "qualified plan" under Code Section 401(a) and has received, within the last two (2) years, a favorable determination letter from the Internal Revenue Service.

(e) The market value of assets under each such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any "Multiemployer Plan" as such term is defined in ERISA Section 3(37)) equals or exceeds the present value of all vested and nonvested liabilities thereunder determined in accordance with Pension Benefit Guaranty Corporation ("PBGC") methods, factors, and assumptions applicable to an Employee Pension Benefit Plan terminating on the date for determination.

(f) Target has delivered to Buyers correct and complete copies of the plan documents and summary plan descriptions, the most recent Form 5500 Annual Report, and all related trust agreements, insurance contracts, and other funding agreements that implement each such Employee Benefit Plan.

(g) With respect to each Employee Benefit Plan that Target or any Target ERISA Affiliate maintains or ever has maintained or to which it contributes, ever has contributed, or ever has been required to contribute:

(i) No such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any Multiemployer Plan) has been completely or partially terminated or been the subject of a "Reportable Event" (as such term is defined in ERISA Section 4043) as to which notices would be required to be filed with the PBGC. No proceeding by the PBGC to terminate any such Employee Pension Benefit Plan (other than any Multiemployer Plan) has been instituted or, to the Knowledge of the Shareholders or Target, threatened.

(ii) There have been no "Prohibited Transactions" as defined in ERISA Section 406 and Code Section 4975 with respect to any such Employee Benefit Plan. No "Fiduciary" as defined in ERISA Section 3(21) has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan. No action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of the Shareholders or Target, threatened. None of the Shareholders and the directors and officers (and employees with responsibility for employee benefits matters) of Target has any Knowledge of any basis for any such action, suit, proceeding, hearing, or investigation.

(iii) Target has not incurred, and none of Target, the Shareholders and the directors and officers (and employees with responsibility for employee benefits matters) of Target has any reason to expect that Target shall incur, any liability to the PBGC (other than PBGC premium payments) or otherwise under Title IV of ERISA (including any withdrawal liability) or under the Code with respect to any such Employee Benefit Plan that is an Employee Pension Benefit Plan.

(iv) Neither Target nor any Target ERISA Affiliate contributes to, nor has ever been required to contribute to, any Multiemployer Plan or has any liability (including withdrawal liability) under any Multiemployer Plan.

(v) Neither Target nor any Target ERISA Affiliate maintains or contributes, nor has ever maintained or contributed, or has ever been required to contribute to any Employee Welfare Benefit Plan providing medical, health, or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses, or their dependents (other than in accordance with Code Section 4980B).

As used in this Agreement, the term "Employee Benefit Plan" means any (a) nonqualified deferred compensation or retirement plan or arrangement that is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement that is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program.

Section 3.21 ***Intellectual Property***.

(a) Target owns or has the right to use pursuant to license, sublicense, agreement, or permission all Intellectual Property (as defined below) necessary for the operation of the businesses of Target as presently conducted and as presently proposed to be conducted. Each item of Intellectual Property owned or used by Target immediately prior to the Closing hereunder shall be owned or available for use by Merger Sub on identical terms and conditions immediately subsequent to the Closing hereunder. Target has taken all necessary action to maintain and protect each item of Intellectual Property that it owns or uses.

(b) To Target's or the Shareholder's Knowledge, Target has not interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and none of the Shareholders and the directors and officers (and employees with responsibility for Intellectual Property matters) of Target has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that Target must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Shareholders or Target, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of Target.

(c) Target has no patents issued in its name, or patent applications filed or pending. Schedule 3.21(c) identifies each license, agreement, or other permission that Target has granted to any third party with respect to any of its Intellectual Property (together with any exceptions). Target has delivered to Buyers correct and complete copies of all such registrations, applications, licenses, agreements, and permissions (as amended to date) and has made available to Buyers correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Schedule 3.21(c) also identifies each trade name and registered or unregistered trademark or service mark used by Target. With respect to each item of Intellectual Property required to be identified in Schedule 3.21(c):

(i) Target possesses all right, title, and interest in and to the item, free and clear of any security interest, license, or other restriction;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened that challenges the legality, validity, enforceability, use, or ownership of the item; and

(iv) Target has no outstanding agreements to indemnify any person or entity for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(d) Schedule 3.21(d) identifies each item of Intellectual Property that any third party owns and that Target uses pursuant to license, sublicense, agreement, or permission. Target has delivered to Buyers correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). To the Shareholders' or Target's Knowledge, with respect to each item of Intellectual Property required to be identified in Schedule 3.21(d):

(i) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, or permission shall continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in **Article 2** above);

(iii) no party to the license, sublicense, agreement, or permission is in breach or default, and no event has occurred that with notice or default or permit termination, modification, or acceleration thereunder;

(iv) no party to the license, sublicense, agreement, or permission has repudiated any provision thereof;

(v) with respect to each sublicense, the representations and warranties set forth in clauses **(i)** through **(iv)** above are true and correct with respect to the underlying license;

(vi) the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(vii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Shareholders or Target, is threatened that challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(viii) Target has not granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission.

(e) To the Knowledge of the Shareholders or Target, Target shall not interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of its businesses as presently conducted and as presently proposed to be conducted.

Section 3.22 ***Environment, Health, and Safety***.

(a) Target has materially complied with all Environmental, Health, and Safety Laws, and has received no written notice that any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand has been filed or commenced against it alleging any failure so to comply. Without limiting the generality of the preceding sentence, each of Target and its predecessors and affiliates has obtained and been in compliance with all of the terms and conditions of all permits, licenses, and other authorizations that are required under, and has materially complied with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables that are contained in, all Environmental, Health, and Safety Laws.

(b) Target has no liability (and, to the Knowledge of Target and the Shareholders, none of Target and its predecessors and affiliates has handled or disposed of any substance, arranged for the disposal of any substance, exposed any employee or other individual to any substance or condition, or owned or operated any property or facility in any manner that could form the basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against Target giving rise to any liability) for damage to any site, location, or body of water (surface or subsurface), for any illness of or personal injury to, any employee or other individual, or for any reason under any Environmental, Health, and Safety Law.

(c) All properties and equipment used in the business of Target and its predecessors and affiliates have been free of asbestos, polychlorinated biphenyls (PCBs), methylene chloride, trichloroethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances.

(d) As used in this Agreement, the term:

(i) "Environmental, Health, and Safety Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, together with all other laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes;

(ii) "Extremely Hazardous Substance" has the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended; and

(iii) "Hazardous Materials" means any "toxic substance" as defined in 15 U.S.C. Section 2601 et seq. on the date hereof, including materials designated on the date hereof as "hazardous substances" under 42 U.S.C. Section 9601 et seq. or other applicable laws, and toxic, radioactive, caustic, or otherwise hazardous substances, including petroleum and its derivatives, asbestos, PCBs, formaldehyde, chlordane and heptachlor.

Section 3.23 ***Pooling-of-Interests Accounting Matters***. Except as set forth on Schedule 3.23(a), (i) Target has never been a subsidiary or division of another corporation or a part of an acquisition which was later rescinded; (ii) within the past two (2) years, there has not been any sale, spin-off or split-up of a significant amount of assets of Target other than in the ordinary course of business; (iii) Target owns no shares of the capital stock of Brown & Brown; (iv) Target has not acquired any shares of its capital stock during the past two (2) years; (v) as of the Effective Time, Target has no obligation (whether contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its capital stock or any interest therein or to pay any dividend or make any distribution in respect thereof; (vi) neither the voting stock structure of Target nor the relative ownership of shares among the Shareholders has been altered or changed within the last two (2) years in contemplation of the Merger; and (vii) none of the shares of the capital stock of Target were issued pursuant to awards, grants or bonuses.

(b) To the Knowledge of each of the Sellers, neither Target nor any Shareholder has taken or agreed to take any action that would prevent Brown & Brown from accounting for this transaction as a pooling of interests. Without limiting the generality of the foregoing, to the Knowledge of the Shareholders or Target, no "Affiliate" (as defined below) of Target has, during a period of thirty (30) days prior to the date of this Agreement, sold, pledged, hypothecated, or otherwise transferred or encumbered any capital stock of Target held by such Affiliate. For purposes of this Agreement, the term "Affiliate" means any officer, director, or owner of ten percent (10%) or more of the voting capital stock of Target.

(c) As of the Closing Date, no Shareholder has entered into any agreement to sell, pledge, hypothecate, or otherwise transfer or encumber the Brown & Brown Shares.

Section 3.24 ***Securities Law Representations***. (a) The Shareholders were granted access to the business premises, offices, properties, and business, corporate and financial books and records of Buyers. The Shareholders were permitted to examine the foregoing records, to question officers of Buyers, and to make such other investigations as they considered appropriate to determine or verify the business and financial condition of Buyers. Buyers furnished to the Shareholders all information regarding its business and affairs that the Shareholders requested, including, without limitation, (i) Buyer's Annual Report on Form 10-K for the year ended December 31, 2000, (ii) Amendment to Buyer's Annual Report on Form 10-K/A for the year ended December 31, 2000, (iii) Buyer's Annual Report to Shareholders for the year ended December 31, 2000, (iv) the Proxy Statement for Buyer's 2001 Annual Meeting of Shareholders, (v) Buyer's Report on Form 8-K filed on January 18, 2001, (vii) Amendment to Buyer's Report on Form 8-K/A filed on March 20, 2001, (viii) Second Amendment to Buyer's Report on Form 8-K/A filed on March 23, 2001, and (ix) Buyer's Quarterly Report on Form 10-Q for the three (3) months ended March 31, 2001.

(b) Each Shareholder recognizes that the Brown & Brown Shares will, when issued, not be registered under the Securities Act of 1933, as amended (the "Securities Act") and will therefore, unless and until a registration statement with respect to the Brown & Brown Shares is declared effective by the Securities and Exchange Commission (the "SEC"), constitute "restricted securities" as defined pursuant to Rule 144(a)(3) under the Securities Act under which means, among other things, that the Shareholders generally will not be able to sell the Brown & Brown Shares for a period of at least one (1) year following the Closing Date, and may not be sold, offered for sale, transferred, pledged, hypothecated or otherwise disposed of except in compliance with the Securities Act, as such, by way of illustration but without limitation, in compliance the safe harbor provisions of Rule 144; further, the legal consequences of the foregoing mean that the Shareholder must bear the economic risk of the investment in the Brown & Brown Share for an indefinite period of time; further, if the Shareholder desires to sell or transfer all or any part of the Brown & Brown Shares, Buyer may require the Shareholder's counsel to provide a legal opinion that the transfer may be made without registration under the Securities Act; further, other restrictions discussed elsewhere herein may be applicable; further, the Shareholder is subject to the restriction on transfer described herein and Buyer will issue stop transfer orders with Buyer's transfer agent to enforce such restrictions; further, the Brown & Brown Shares will bear a legend restricting transfer; and further, the following paragraph, or language substantially equivalent thereto, will be inserted in or stamped on the certificates evidencing the same:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND SUCH SHARES HAVE BEEN ACQUIRED FOR INVESTMENT. THIS STOCK MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING THE SAME UNDER THE SECURITIES ACT OF 1933 OR OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE SECURITIES LAWS.

(c) Because of their considerable knowledge and experience in financial and business matters, each of the Shareholders is able to evaluate the merits, risks, and other factors bearing on the suitability of the Brown & Brown Shares as an investment. Each of the Shareholders, individually or by virtue of a "purchaser representative" (as defined pursuant to Rule 501(h) under the Securities Act), qualifies as an "accredited investor" as defined under Rule 501(a) under the Securities Act.

(d) Each Shareholder's annual income and net worth are such that he would not now be, and does not contemplate being, required to dispose of any investment in the Brown & Brown Shares, including the risk of losing all or any part of his investment and the inability to sell, transfer, pledge, or otherwise dispose of any of the Brown & Brown Shares for an indefinite period.

(e) Each Shareholder's acquisition of the Brown & Brown Shares will be solely for his own account, as principal, for investment, and not with a view to, or for resale in connection with, any underwriting or distribution.

Section 3.25 ***No Misrepresentations***. None of the representations and warranties of the Shareholders set forth in this Agreement or in the attached Schedules, notwithstanding any investigation thereof by Buyers, contains any untrue statement of a material fact, or omits the statement of any material fact necessary to render the statements made not misleading.

Article 4

Representations and Warranties of Buyers

Each of the Buyers represents and warrants to the Shareholders as follows:

Section 4.1 ***Organization.*** Each of the Buyers is a corporation organized under the laws of Florida and its status is active. Each Buyer has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted. Each Buyer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased, or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and be in good standing would not in the aggregate have a material adverse effect.

Section 4.2 ***Authority.*** Each Buyer has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of each Buyer and no other corporate proceeding on the part of either Buyer is necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly executed and delivered by each Buyer and constitutes

its valid and binding obligation, enforceable against each Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws from time to time in effect which offset creditors' rights generally and general equitable principles.

Section 4.3 ***Consents and Approvals; No Violations.*** Neither the execution, delivery or performance of this Agreement by Buyers nor the consummation by Buyers of the transactions contemplated hereby nor compliance by Buyers with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of either Buyer, (b) except with respect to the filing of the Certificate of Merger with the Secretary of State of Oklahoma, require any filing with, or permit authorization, consent, or approval of, any Governmental Entity, except where the failure to obtain such permits, authorizations, consents, or approvals or to make such filings would not have a material adverse effect, (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which either Buyer is a party or by which either Buyer or its properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to either Buyer or any of its properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect.

Section 4.4 ***SEC Reports and Financial Statements***. Buyer has filed with the SEC, and has heretofore made available to the Sellers true and complete copies of all forms, reports, schedules, statements and other documents required to be filed by it since December 31, 2000 under the Securities Exchange Act of 1934 (the "Exchange Act") or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Buyer SEC Documents"). The Buyer SEC Documents, including without limitation any financial statements and schedules included therein, at the time filed, (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. The financial statements of Buyer included in the Buyer SEC Documents comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q of the SEC) and fairly present (subject, in the case of the unaudited statements, to normal, recurring audit adjustments) the consolidated financial position of Buyer and its consolidated subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

Section 4.5 ***Absence of Certain Changes***. Except as disclosed in the Brown & Brown SEC Documents, since December 31, 2000, there have been no events, changes or events having, individually or in the aggregate, a material adverse effect on Buyers.

Section 4.6 ***No Undisclosed Liabilities***. Except as and to the extent set forth in Buyer's Quarterly Report on Form 10-Q for the three (3)-month period ended March 31, 2001, as of March 31, 2001, Buyer had no liabilities or obligations, whether or not accrued, contingent or otherwise, that would be required by generally accepted accounting principles to be reflected on a consolidated balance sheet of Buyer and its subsidiaries. Since March 31, 2001, Buyer has not incurred any liabilities, whether or not accrued, contingent or otherwise, outside the ordinary course of business or that would have, individually or in the aggregate, a material adverse effect on Buyer.

Section 4.7 ***Litigation***. Except as disclosed in the Brown & Brown SEC Documents filed prior to the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the Knowledge of Brown & Brown, threatened against Brown & Brown or any of its subsidiaries before any Governmental Entity that, individually or in the aggregate, is reasonably likely to have a material adverse effect on Brown & Brown or would prevent Brown & Brown from consummating the transactions contemplated by this Agreement. Except as disclosed in the Brown & Brown SEC Documents, neither Brown & Brown nor any of its subsidiaries is subject to any outstanding order, writ, injunction or decree that, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have a material adverse effect on Brown & Brown or would prevent either Buyer from consummating the transactions contemplated hereby.

Section 4.8 ***Accounting Matters***. (a) To the Knowledge of Buyers, neither Buyer nor any of their respective affiliates has through the date of this Agreement taken or agreed to take any action that (without giving effect to any action taken or agreed to be taken by Target or any of its affiliates) would prevent the parties from accounting for the transaction to be effected by this Agreement as a pooling of interests.

(b) Without limiting the generality of **Section 4.8(a)**, to the Knowledge of Buyers, no Affiliate of either Buyer has, during a period of thirty (30) days prior to the date of this Agreement, sold, pledged, hypothecated, or otherwise transferred or encumbered any Brown & Brown Shares held by such Affiliate.

Section 4.9 ***Errors and Omissions***. Neither Buyer has incurred any material liability or taken or failed to take any action that may reasonably be expected to result in a material liability for errors or omissions in the conduct of its insurance business, except such liabilities as are fully covered by insurance and those disclosed in the Brown & Brown SEC Documents. Buyers have errors and omission (E&O) insurance coverage in force, with minimum liability limits of $75,000,000.00 per occurrence and $75,000,000.00 aggregate, with a deductible of $250,000.00.

Section 4.10 ***Securities Law Representations***. Buyers were granted access to the business premises, offices, properties, and business, corporate and financial books and records of Target. Buyers were permitted to examine the foregoing records, to question officers of Target, and to make such other investigations as it considered appropriate to determine or verify the business and

financial condition of Target. The Shareholders furnished to Buyers all information regarding the business and affairs of Target that Buyers requested.

Article 5

[INTENTIONALLY OMITTED]

Article 6

Additional Agreements

Section 6.1 ***Access to Information.*** Upon reasonable notice, Target shall, and the Shareholders shall cause Target to, afford to the officers, employees, accountants, counsel, and other authorized representatives of Buyers full access, during the period prior to the Closing Date, to all of the properties, books, contracts, commitments, records, and senior management of Target. Unless otherwise required by law, Buyers will hold any such information that is nonpublic in confidence, will not use such information in its business if the transaction does not close, and will return such information if the transaction does not close.

Section 6.2 ***Expenses.*** Whether or not the transaction is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

Section 6.3 ***Brokers or Finders.*** Each of the parties represents, as to itself, its subsidiaries and its affiliates, that no agent, broker, investment banker, financial advisor, or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, and each of the parties agrees to indemnify and hold the others harmless from and against any and all claims, liabilities, or obligations with respect to any fees, commissions, or expenses asserted by any person on the basis of any act or statement alleged to have been made by such party or its affiliate.

Section 6.4 ***Additional Agreements; Best Efforts.*** Subject to the terms and conditions of this Agreement, each of the parties agrees to use its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including cooperating fully with the other parties.

Section 6.5 ***Non-Competition Covenants***. Given the statewide nature of Target's business, each of the Shareholders agrees that he shall not, directly or indirectly, for a period of five (5) years beginning on the Closing Date (the "Restricted Period"), engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of, any entity (other than Buyers) engaged in the insurance agency business within the State of Oklahoma, or within those counties within the States of Kansas, Missouri or Arkansas that adjoin those states' respective borders with the State of Oklahoma. Without limiting the foregoing, none of the Shareholders shall, during the Restricted Period, (a) solicit, divert, accept business from, nor service, directly or indirectly, as insurance solicitor, insurance agent, insurance broker or otherwise, for his account or the account of any other agent, broker, or insurer, either as owner, shareholder, promoter, employee, consultant, manager or otherwise, any account that is part of the Purchased Book of Business or any insurance account then serviced by Buyer, or (b) hire or directly or indirectly solicit any employees of Buyer or its affiliates to work for any Shareholder or any of their affiliates, or any company that competes with Buyer or its affiliates. The Shareholders acknowledge that the confidentiality and non-solicitation covenants to be contained in any employment agreements they may enter into with Buyers will be in addition to, and will not supersede or be subordinate to, the non-competition covenants contained in this **Section 6.5**.

Section 6.6 ***Pooling-of-Interests Accounting Matters***. Neither Target nor any of the Shareholders shall knowingly take any action, or knowingly fail to take any action, that would jeopardize the treatment of this transaction as a "pooling of interests" for accounting purposes. Without limiting the generality of the foregoing, each of the Shareholders agrees that they would each be deemed "Affiliates" of Target (as such term is defined in **Section 3.23(b)** of this Agreement) and that, in order to preserve the pooling-of-interests treatment of this transaction, such Shareholder shall not sell, pledge, hypothecate, or otherwise transfer or encumber any Brown & Brown Shares issued to such Shareholder under this Agreement until the final results of at least thirty (30) days of post-Closing combined operations have been published by Brown & Brown, via the issuance of a quarterly earnings report or other means at Brown & Brown's sole discretion.

Section 6.7 ***Remedy for Breach of Covenants***. In the event of a breach of the provisions of **Section 6.5** or **6.6**, Buyers shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare the covenants set forth in **Section 6.5** or **6.6** unenforceable due to a unreasonable restriction, duration, geographical area or otherwise, the parties agree that such court shall be empowered and shall grant Buyers and their affiliates injunctive relief to the extent reasonably necessary to protect their respective interests. The Shareholders each acknowledge that the covenants set forth in **Sections 6.5** and **6.6** represent an important element of Target's value and were a material inducement for Buyers to enter into this Agreement.

Section 6.8 ***Successor Rights***. The covenants contained in **Section 6.5** and **6.6** shall inure to the benefit of any successor in interests of either Buyer by way of merger, consolidation, sale or other succession.

Section 6.9 ***Errors and Omissions Extended Reporting ("Tail") Coverage; Employment Practices Liability and Employee Dishonesty Coverage***. On or prior to the Closing Date, the Shareholders shall cause Target to purchase, at Target's expense, a tail coverage extension on Target's errors and omissions (E&O) insurance policy. Such E&O tail coverage shall extend for a period of

at least five (5) years from the Closing Date, shall have the same coverages and deductibles currently in effect, and shall otherwise be in form reasonably acceptable to Buyers. A Certificate of Insurance evidencing each such coverage shall be delivered to Buyers at or prior to Closing.

Section 6.10 ***Environmental Protection Policy.*** On or prior to the Closing Date, the Shareholders shall cause Target to purchase, at Target's expense, an environmental protection policy with respect to that certain piece of real property formerly owned by Target, designated as lot numbered five (5) in block numbered nineteen (19) in the original town of Disney, in Mayes County, Oklahoma, according to the official survey and plat filed thereof, which real property was sold by Target via joint tenancy warranty deed on June 29, 2001 (the "Real Property"). Such coverage shall extend for a period of at least five (5) years from the Closing Date, shall have a coverage limit of at least $1 million, shall name Buyers as named insureds, and shall otherwise be in form acceptable to Buyers in their sole discretion. A Certificate of Insurance evidencing such coverage shall be delivered to Buyers at or prior to Closing.

Section 6.11 *Tax Clearance Letters.* Prior to Closing, Target and Merger Sub shall each request from the Oklahoma Tax Commission a letter stating that Target's franchise tax has been paid for the current fiscal year, which letters, upon Closing, shall be included with the Certificate of Merger for filing with the Oklahoma Secretary of State (the "Tax Clearance Letters").

Section 6.12 ***Release.*** The Shareholders each agree on the Closing Date to execute and deliver the Release.

Section 6.13 ***Pledge Agreement***. The parties agree on the Closing Date to enter into the Pledge Agreement.

Section 6.14 ***Shareholder Employment Agreements.*** Brown & Brown and each of the Shareholders agree on the Closing Date to enter into the respective Shareholder Employment Agreements.

Section 6.15 ***Schedules.*** The Shareholders agree prior to the Closing Date to deliver Schedules in form and substance satisfactory to Buyers.

Section 6.16 ***Certificate of Merger.*** Merger Sub and Target each agree on the Closing Date to execute the Certificate of Merger, and Merger Sub agrees to file such duly executed Certificate of Merger promptly after the Closing.

Section 6.17 ***Confidentiality.*** The parties agree to maintain the existence of this transaction and the terms hereof in confidence, until the earliest of the following circumstances occurs: (a) the parties mutually agree to release such information to the public; (b) Buyers reasonably conclude that such disclosure is required by law; or (c) the Closing has occurred and ownership of the Target Shares has passed to Buyers.

Section 6.18 ***Preparation of Tax Return.*** The Shareholders recognize that a year-to-date income tax return must be prepared and filed for Target as a result of this transaction and that the Shareholders are primarily responsible for preparing this return. The Shareholders therefore agree to prepare this return promptly after the Closing, at their expense, and deliver it to Target to review and file. Buyers shall be solely responsible for any changes they make to the return prepared by the Shareholders.

Section 6.19 ***Employee Benefits; Credit for Service with Target.*** With respect to any Employee Benefit Plan (as defined in **Section 3.20** hereof) maintained or sponsored by Buyers, any waiting period for eligibility or vesting under any such Employee Benefit Plan shall provide Target employees whom Buyers wish to retain with credit for such employees' prior service with Target. In addition, such Target employees shall receive credit for prior service in determining vacation and sick days under Buyers' vacation and sick day policies as applicable.

Article 7

Conditions

Section 7.1 ***Conditions to Each Party's Obligation.*** The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction prior to or on the Closing Date of the following conditions:

(a) *Approvals.* All authorizations, consents, orders, or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity, the failure to obtain which would have a material adverse effect on Target, shall have been filed, occurred, or been obtained.

(b) *No Injunctions or Restraints.* No temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transaction shall be in effect.

(c) *Tax Clearance Letters*. Target and Merger Sub shall have each delivered a Tax Clearance Letter from the OTC as described in **Section 6.10** hereof.

(d) *LLCs Merger Agreement.* The transactions contemplated by the LLCs Merger Agreement shall become effective simultaneously with the transactions contemplated by this Agreement.

Section 7.2 ***Conditions to Obligations of Buyers.*** The obligation of Buyers to effect the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions, unless waived by Buyers:

(a) *Representations and Warranties.* The representations and warranties of the Shareholders set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by the Shareholders.* The Shareholders shall have performed all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(c) *Employment Agreements.* (A) Each Shareholder shall have executed and delivered to Buyers a copy of his respective Shareholder Employment Agreement, and (A) each employee of Target that Buyers intend to retain shall have executed and delivered to Buyers a copy of an employment agreement with Brown & Brown or Merger Sub, as the case may be, which employment agreements contain confidentiality and non-solicitation provisions.

(d) *Due Diligence*. Buyers shall be satisfied, in their sole discretion, with the results of their due diligence investigation of Target.

(e) *Opinion of the Shareholders' Counsel*. The Shareholders shall have delivered to Buyers a written opinion of counsel dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyers.

(f) *Pledge Agreement.* The Shareholders shall have executed and delivered to Buyers the Pledge Agreement.

(g) *Release.* Each Shareholder shall have executed and delivered to Buyers the Release.

(h) *Schedules.* The Shareholders shall have delivered to Buyers those Schedules required under this Agreement to delivered by the Shareholders to Buyers.

(i) *Certificate of Merger.* Target shall have executed and delivered to Buyers the Certificate of Merger.

(j) *E&O, EPL and Employee Dishonesty Coverages*. The Shareholders shall have delivered or caused to be delivered to Buyers a Certificate of Insurance evidencing Target's E&O tail coverage policies required under **Section 6.9**, and shall deliver evidence of Target's EPL and employee dishonesty coverages as set forth in **Sections 3.17(b)** and **3.18**, respectively.

(k) *Environmental Protection Policy.* The Shareholders shall have delivered or caused to be delivered to Buyers a Certificate of Insurance evidencing the Environmental Protection policy coverage with respect the Real Property as required under **Section 6.10.**

(l) *Adverse Changes*. There shall have been no material adverse change to the business or financial condition of Target since the Balance Sheet Date.

(m) *Buyers' Board Approval.* Buyers' Boards of Directors shall have approved the Merger, this Agreement and the transactions and other agreements, instruments and documents contemplated herein (including, without limitation, approval for credit to retained Target employees for prior service with Target with respect to Buyers' Employee Benefit Plans, as set forth in **Section 6.19** hereof), and Brown & Brown's Board of Directors shall have approved the issuance of the Brown & Brown Shares to the Shareholders.

(n) *Approval of Shareholders and Target.* Target and the Shareholders shall have delivered to Buyers resolutions evidencing the Shareholders' and Target's Board of Director's approval of the Merger, this Agreement and the transactions and other agreements, instruments and documents contemplated herein.

(o) *Tangible Net Worth.* Buyers shall be satisfied that Target, CompVantage and Indian Programs have a consolidated tangible net worth as of the Closing Date, after appropriate reductions including, but not limited to, the cost of purchasing the E&O tail coverage policies required under **Section 6.9** hereof and the corresponding section of the LLCs Merger Agreement, all distributions to the Shareholders, and the write-off of all accounts receivables of Target or the LLCs aged over fifty-nine (59) days of the Closing Date (the "Aged Accounts Receivable"), of at least $200,000.00; provided, however, that Buyers hereby agree to assign all right, title and ownership to such written-off Aged Accounts Receivable to the Shareholders.

(p) *Target Board Resolutions and Shareholder Resolutions.* Sellers shall have delivered to Buyers the Target Board Resolutions and Shareholder Resolutions.

(q) *Company Vehicles and Boats.* Buyers shall be satisfied in their sole discretion that all autos, other vehicles and boats owned or leased by Target have been sold, distributed or assumed, as the case may be.

(r) *Liquidation of Securities.* Buyers shall be satisfied in their sole discretion that all investment securities beneficially owned or held by the Companies have been liquidated prior to Closing.

(s) *Satisfaction of All Liens and Encumbrances.* Buyers shall have received evidence satisfactory to them in their sole discretion that any and all liens, judgments, or other encumbrances against the Target Shares have been fully satisfied and released prior to Closing.

(t) *Willingness of Insurance Carriers to Appoint Merger Sub.* Buyers shall be satisfied in their discretion that Target's insurance carriers, brokers, and managing general agents (MGAs) are willing to appoint Merger Sub on terms acceptable to Buyers.

(u) *Accounting and Tax Treatment; Securities Exemption*. Buyers shall be satisfied in their sole discretion that the Merger and related issuance of the Brown & Brown Shares shall qualify (i) for treatment for accounting purposes as a pooling-of-interests

transaction and (ii) for an exemption from registration under federal and state securities laws.

Section 7.3 ***Conditions to Obligation of the Shareholders.*** The obligations of the Shareholders to effect the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions, unless waived by the Shareholders:

(a) *Representations and Warranties.* The representations and warranties of Buyers set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by Buyers.* Buyers shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(c) *Opinion of Buyer's Counsel*. Buyer's Assistant General Counsel shall have delivered to the Shareholders a written opinion dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to the Shareholders.

Article 8

Indemnification

Section 8.1 ***Survival of Representations, Warranties, Indemnities and Covenants.*** The representations, warranties and indemnities set forth in this Agreement and any right to bring an action at law, in equity, or otherwise for any misrepresentation or breach of warranty under this Agreement shall survive for a period of one (1) year from the Closing Date. All post-closing covenants set forth in **Article 6** hereof shall survive the Closing for the period specified in this Agreement or, if not specified, for a period of one (1) year following the Closing Date.

Section 8.2 ***Indemnification Provisions for the Benefit of Buyers.*** Subject to **Section 8.4** hereof, the Shareholders, jointly and severally, agree to indemnify and hold Buyers and their respective officers, directors and affiliates harmless from and against any and all Adverse Consequences (as defined below) that any of such parties may suffer or incur resulting from, arising out of, relating to, or caused by (a) the material breach of any of the Shareholders' representations, warranties, obligations or covenants contained herein, or (b) the operation of Target's insurance agency business or ownership of the Target Shares by the Shareholders on or prior to the Closing Date, including, without limitation, any claims or lawsuits based on conduct of Target or the Shareholders occurring before the Closing. For purposes of this **Article 8**, the phrase "Adverse Consequences" means all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations, injunctions, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), obligations, taxes, liens, losses, expenses, and fees, including all reasonable attorneys' fees and court costs, net of aggregate insurance proceeds actually received. For purposes of this **Section 8.2**, "Adverse Consequences" also specifically includes any Adverse Consequences attributable to any deductible(s) due and payable under Target's policies described under **Section 6.9** hereof.

Section 8.3 ***Indemnification Provisions for the Benefit of the Shareholders***. Subject to **Section 8.4** hereof, Buyers agree, jointly and severally, to indemnify and hold the Shareholders harmless from and against any and all Adverse Consequences the Shareholders may suffer or incur resulting from, arising out of, relating to, or caused by (a) the material breach of any of Buyer's representations, warranties, obligations or covenants contained herein, or (b) the operation of the insurance agency business of Target after the Closing Date, including, without limitation, any claims or lawsuits based on conduct of either Buyer occurring after the Closing.

Section 8.4 ***Maximum Indemnification Obligation; Materiality Threshold.*** (a) The maximum indemnification obligation of any party (the Buyers on the one hand, and the Sellers on the other hand, collectively referred to as one party for purposes of this **Section 8.4**) hereunder shall be limited to the aggregate value, as of the Closing Date, of the Merger Consideration (the "Maximum Liability Amount").

(b) No party shall be entitled to indemnification hereunder with respect to any claim or claims unless and until the amount of the indemnified claim or claims under this Agreement and the LLCs Merger Agreement exceeds $25,000.00 in the aggregate. Once such party's claims exceed $25,000.00 in the aggregate, such party shall be entitled to be indemnified for the full amount of its claims, including the initial $25,000.00 thereof.

(c) Notwithstanding anything to the contrary in this **Section 8.4**, the Sellers' indemnification obligations under this **Article 8** with respect to any and all Adverse Consequences that Buyer may suffer or incur resulting from, arising out of, relating to, or caused by Sellers' breach of their respective covenants set forth in **Sections 6.5, 6.6** or **6.16** hereof or the corresponding sections of the LLCs Merger Agreement shall not be subject to the Maximum Liability Amount or the Maximum Threshold Amount.

Article 9

[INTENTIONALLY OMITTED]

Article 10

Miscellaneous

Section 10.1 ***Notices.*** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (if confirmed), or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses or at such other address for a party as shall be specified by like notice:

(a) If to Buyers, to

Brown & Brown, Inc.
401 E. Jackson Street, Suite 1700
Tampa, Florida 33602
Telecopy No.: (813) 222-4464
Attn: Laurel L. Grammig, Esq.

(b) if to the Shareholders, to

William D. Evans
1709 South Marietta Street
Pryor, Oklahoma 74361

John C. Hawkins
18785 Timberlake Drive
Claremore, Oklahoma 74017

Robert W. Shearer
13465 Hickory Drive
Claremore, Oklahoma 74017

with a copy to

Riggs, Abney, Neal, Turpen, Orbison & Lewis, P.C.
502 West Sixth Street
Tulsa, Oklahoma 74103
Telecopy No.: (918) 587-9708
Attn: Harley W. Thomas, Esq.

Section 10.2 ***Use of Term "Knowledge".*** With respect to the term "Knowledge" as used herein: (a) an individual will be deemed to have "Knowledge" of a particular fact or other matter if (i) such individual is actually aware of such fact or other matter, or (ii) a prudent individual reasonably could be expected to discover or otherwise become of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or matter; and (b) a corporation or other entity will be deemed to have "Knowledge" of a particular fact or other matter if any individual who is serving, within the twelve (12)-month period prior to the Closing Date, as a director or officer (or in a similar capacity) of such corporation or entity has, or at any time had, Knowledge of such fact or other matter.

Section 10.3 ***Counterparts.*** This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 10.4 ***Entire Agreement.*** This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

Section 10.5 ***Assignment.*** Except as contemplated in **Section 6.8** hereof, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. This Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and permitted assigns.

Section 10.6 ***Amendment.*** This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties hereto.

Section 10.7 ***Joint Efforts***. This Agreement is the result of the joint efforts and negotiations of the parties hereto, with each party being represented, or having the opportunity to be represented, by legal counsel of its own choice, and no singular party is the author or drafter of the provisions hereof. Each of the parties assumes joint responsibility for the form and composition of this Agreement and each party agrees that this Agreement shall be interpreted as though each of the parties participated equally in the composition of this Agreement and each and every provision and part hereof. The parties agree that the rule of judicial interpretation to the effect that any ambiguity or uncertainty contained in an agreement is to be construed against the party that drafted the agreement shall not be applied in the event of any disagreement or dispute arising out of this Agreement.

Section 10.8 ***Headings***. All paragraph headings herein are inserted for convenience of reference only and shall not modify or affect the construction or interpretation of any provision of this Agreement.

Section 10.9 ***Severability***. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be illegal, invalid or unenforceable, either in whole or in part, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions or covenants, or any part thereof, all of which shall remain in full force and effect.

Section 10.10 ***Attorneys' Fees***. The prevailing party in any proceeding brought to enforce the provisions of this Agreement shall be entitled to an award of reasonable attorneys' fees and costs incurred at both the trial and appellate levels incurred in enforcing its rights hereunder.

Section 10.11 ***Governing Law.*** This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida without regard to conflicts of laws principles thereof, except as to the effectuation of the Merger, which shall be governed by and construed and enforced in accordance with the OGCA.

*** * * * * * * * * ***

[Remainder of Page Intentionally Left Blank - Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed or caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

BUYERS:

BROWN & BROWN, INC.

By: /S/ C. ROY BRIDGES
Name: C. Roy Bridges
Title: Regional Executive Vice President

BROWN & BROWN OF OKLAHOMA, INC.

By: /S/ C. ROY BRIDGES
Name: C. Roy Bridges
Title: President

SELLERS:

AGENCY OF INSURANCE PROFESSIONALS, INC.

By: /S/ WILLIAM D. EVANS
Name: William D. Evans
Title: Chairman

/S/ WILLIAM D. EVANS
William D. Evans, individually

/S/ JOHN C. HAWKINS
John C. Hawkins, individually

/S/ ROBERT W. SHEARER
Robert W. Shearer, individually

SCHEDULES AND EXHIBITS

Schedule 3.5: Consents and Approvals
Schedule 3.6: Third Party Options
Schedule 3.9(a): Book of Business
Schedule 3.10: Guarantees of Third Party Obligations

Schedule 3.11: Litigation and Claims
Schedule 3.14: Material Contracts
Schedule 3.16: Insurance Policies
Schedule 3.18: Employee Dishonesty Coverage
Schedule 3.20: Employee Benefit Plans
Schedule 3.21(c): Owned Intellectual Property
Schedule 3.21(d): Licensed Intellectual Property
Schedule 3.23(a): Pooling-of-Interests Accounting Matters

Exhibit 1.2: Certificate of Merger
Exhibit 2.2(a)(ii): Release
Exhibit 2.2(a)(iii): Pledge Agreement
Exhibit 2.2(a)(iv): Opinion of the Shareholders' Counsel
Exhibit 2.2(a)(v): Shareholder Employment Agreement
Exhibit 2.2(b)(ii): Opinion of Buyer's Counsel

EXHIBIT 10.4

AGREEMENT AND

PLAN OF MERGER

This **AGREEMENT AND PLAN OF MERGER** (this "Agreement"), dated as of July 16, 2001 (the "Agreement Date"), is made and entered into by and among **BROWN & Brown, Inc.**, a Florida corporation ("Brown & Brown"), **CV MERGER CO.**, an Oklahoma corporation and wholly-owned subsidiary of Brown & Brown, the principal business address of which is 220 South Ridgewood Avenue, Daytona Beach, Florida 32114 ("Merger Sub"; Merger Sub and Brown & Brown are sometimes hereinafter referred to collectively as the "Buyers"); **COMPVANTAGE INSURANCE AGENCY, L.L.C.**, an Oklahoma limited liability company, the principal business address of which is 115 South Adair Street, Pryor, Oklahoma 74361 ("CompVantage"); **AGENCY OF INDIAN PROGRAMS INSURANCE, L.L.C.**, an Oklahoma limited liability company, the principal business address of which is 115 South Adair Street, Pryor, Oklahoma 74361 ("Indian Programs" and together with CompVantage, each a "Target" and collectively, the "Targets"); and **WILLIAM D. EVANS,** a resident of the State of Oklahoma ("Evans"), **JOHN C. HAWKINS**, a resident of the State of Oklahoma ("Hawkins"), and **ROBERT W. SHEARER**, a resident of the State of Oklahoma ("Shearer" and collectively with Evans and Hawkins, each a "Member" and collectively, the "Members") (the Targets and the Members are sometimes hereinafter referred to collectively as the "Sellers").

Background

The Members own all of the outstanding membership interests of CompVantage and Indian Programs. The Targets are engaged primarily in the insurance agency business (including the administration of insurance programs) in the State of Oklahoma. The Boards of Directors of Brown & Brown and Merger Sub and the managing members of the Targets have determined that it is advisable and in the best interests of the companies and their respective stockholders and Members that the Targets merge with and into Merger Sub pursuant to this Agreement with Merger Sub being the surviving corporation (the "Merger"). Brown & Brown, Merger Sub and the Sellers desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also prescribe certain conditions to the Merger. In addition, pursuant to an Agreement and Plan of Merger of this date (the "AIP Merger Agreement") among Brown & Brown, Brown & Brown of Oklahoma, Inc., an Oklahoma corporation and wholly-owned subsidiary of Brown & Brown, Agency of Insurance Professionals, Inc. ("AIP"), an Oklahoma corporation and affiliate of the Targets, and each of the Members (who are the sole shareholders of AIP), AIP will merge with and into Brown & Brown of Oklahoma.

THEREFORE, in consideration of the respective representations, warranties, covenants and agreements set forth herein, the parties agree as follow:

Article 1

The Merger

Section 1.1 ***The Merger.*** At the Effective Time (as defined in **Section 1.2** hereof), upon the terms and subject to the conditions set forth in this Agreement, each Target shall be merged with and into Merger Sub in accordance with Section 2054 of the Oklahoma Limited Liability Company Act (the "OLLCA"). As a result of the Merger, the separate existence of each Target shall cease and Merger Sub shall continue as the surviving corporation of the Merger (the "Surviving Corporation").

Section 1.2 ***Consummation of Merger.*** As promptly as practicable after the satisfaction or, if permissible, waiver in writing of the conditions set forth in **Article 7** hereof (including, without limitation, each Target's and Merger Sub's delivery of the Tax Clearance Letters (as defined in **Section 6.10**), as required under **Section 7.1(d)** hereof), the parties hereto shall cause the Merger to be consummated by Merger Sub filing a Certificate of Merger, substantially in the form of Exhibit 1.2 (the "Certificate of Merger"), in such form as required by, and executed in accordance with, the relevant provisions of the OLLCA (the time of such filing being herein referred to as the "Effective Time" and the date of such filing being herein referred to as the "Merger Date").

Section 1.3 ***Effect of the Merger.*** At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of the OLLCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, except as otherwise provided herein, the identity, all of the property (whether real, personal or mixed), rights, privileges, powers, immunities, franchises, debts, liabilities and duties of each Target shall be merged with, fully vest in and become the rights, privileges, powers, immunities, franchises, debts, liabilities and duties of the Surviving Corporation and the separate existence of each Target shall cease.

Section 1.4 ***Certificate of Incorporation; Bylaws.*** At the Effective Time, the Certificate of Incorporation and the Bylaws of the Surviving Corporation shall be the Certificate of Incorporation and Bylaws of Merger Sub as in effect immediately prior to the Effective Time, in each case until duly amended in accordance with applicable law.

Section 1.5 ***Directors and Officers.***

(a) At the Effective Time, the directors of the Surviving Corporation shall be the directors of Merger Sub immediately prior to the Effective Time, to hold office in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation, until

their successors are duly elected or appointed and qualified.

(b) At the Effective Time, the officers of the Surviving Corporation shall be the officers of Merger Sub immediately prior to the Effective Time, in each case until their respective successors are duly elected or appointed and qualified.

Section 1.6 ***Name of Surviving Corporation.*** As of the Effective Time, the name of the Surviving Corporation shall be CV Merger Co., an Oklahoma corporation. The Buyers shall notify the Oklahoma Department of Insurance of any changes in the corporate name or officers of Target promptly after the Merger Date.

Section 1.7 ***Merger Consideration***. Subject to the satisfaction of the terms and conditions of this Agreement, and by virtue of the Merger and without any action on the part of the Members, all of the membership interests in the respective Targets (the "Target Interests") will be converted into the right to receive, and the Members shall receive, based upon their respective interests in Target as set forth on **Section 1.8(a)(ii)** hereto, a total of 18,020 shares of the common stock of Brown & Brown (collectively, the "Brown & Brown Shares"), which is equal to:

(a) Seven Hundred Fifty Thousand and No/100 Dollars ($750,000.00), which is the sum of (i) Seven Hundred Forty-Eight Thousand Five Hundred and No/100 Dollars ($748,500.00), the dollar value of the Merger Consideration attributable to CompVantage, plus (ii) One Thousand Fifteen Hundred and No/100 Dollars ($1,500.00), the dollar value of the Merger Consideration attributable to Indian Programs, divided by

(b) $41.62 (the "Average Price"), which is the average closing price for a share of common stock of Brown & Brown, as reported on the New York Stock Exchange, in the twenty (20) day period ending at the close of business on the third (3rd) business day in advance of the Closing Date (as defined in **Section 2.1** hereof).

Section 1.8 ***Delivery of Brown & Brown Shares.*** (a) The Brown & Brown Shares shall be issued as Merger Consideration to the Members as follows:

(i) a total of 1,802 shares, representing ten percent (10%) of the Brown & Brown Shares (the "Pledged Shares"), shall be pledged to Buyers as partial security for the indemnification obligations of the Members under **Article 8** hereof. These Pledged Shares, subject to any reduction in number as may be necessary to satisfy the Members' indemnification obligations, shall be delivered to the Members one (1) year after the Closing Date, in accordance with the terms of the Pledge Agreement attached hereto as Exhibit 2.2(a)(iii); and

(ii) a total of 16,218 shares, representing the remainder of the Brown & Brown Shares, shall be delivered to the Members at the Closing (as defined in **Section 2.1** hereof). Of this amount, 5,406 shares will be delivered to each of the Members at Closing. Of the total number of Brown & Brown Shares to be issued to the Members as Merger Consideration, (A) 6,007 shares will be issued to Evans and Hawkins, respectively, and (B) 6,006 shares will be issued to Shearer, which amounts each represent thirty-three and one-third percent (33 1/3%) of the total number of Brown & Brown Shares to be issued hereunder.

(b) The parties agree that the dollar value of each Brown & Brown Share shall be the Average Price for all purposes in determining (i) the number of Brown & Brown Shares to be issued under **Sections 1.7** and **1.8(a)(ii)** hereof, (ii) the number of Brown & Brown Shares to be pledged under this **Section 1.8(a)(i)**, or (iii) the number of Pledged Shares Buyers may withhold to satisfy an indemnifiable claim, notwithstanding the actual market value of such shares (in each case with respect to clauses **(i)**, **(ii)** or **(iii)**, as adjusted for any stock splits or stock dividends).

(c) No certificate representing fractional Brown & Brown Shares will be issued in the Merger and such fractional share interests will not entitle the owner thereof to vote or to any rights of a shareholder of Brown & Brown. In lieu of any such fractional shares, the Members will each be entitled to receive from Brown & Brown (after aggregating all fractional shares of Brown & Brown Shares issuable to such Seller) Brown & Brown Shares rounded upward or downward to the nearest whole share with a factor of one-half (1/2) or greater rounded up to the nearest whole share.

Section 1.9 ***Effect on Target Interests.*** From and after the Merger Date, the Target Interests shall be canceled and terminated, shall represent solely the right to receive the Merger Consideration in respect of the Target Interests, and shall have no other rights. No interest shall accrue or be payable on any Merger Consideration.

Section 1.10 ***Brown & Brown Shares.*** All Brown & Brown Shares received by the Members pursuant to this Agreement shall, except for restrictions on resale, pledge, or transfer described in **Section 6.6** hereof or in the Registration Rights Addendum described in **Section 1.12** hereof, have the same rights as all of the other shares of outstanding Brown & Brown common stock by reason of the provisions of the Certificate of Incorporation of Brown & Brown or as otherwise provided by the Florida Business Corporation Act. All voting rights of such Brown & Brown Shares received by the Members shall be fully exercisable by the Members and the Members shall not be deprived nor restricted in exercising those rights.

Section 1.11 ***Accounting Treatment***. The parties agree, as more fully described in **Section 6.6** of this Agreement, to treat this transaction for accounting purposes as a pooling-of-interests transaction and to take all actions necessary to characterize the transaction as such.

Section 1.12 ***Registration of Brown & Brown Shares.*** The Members shall have the rights and obligations set forth in the Registration Rights Addendum attached hereto with respect to the registration of the Brown & Brown Shares for sale and other matters addressed therein.

Article 2

Closing, Items to be Delivered,

Further Assurances, and Effective Date

Section 2.1 ***Closing.*** The consummation of the Merger under this Agreement (the "Closing") will take place at 9:00 a.m., local time, on the date on which all of the closing conditions set forth in **Article 7** of this Agreement are satisfied including, without limitation, the filing of those documents or instruments necessary to effect the Merger pursuant to applicable state law (the "Closing Date"), at Buyer's offices of 401 E. Jackson Street, Suite 1700, Tampa, Florida 33602, unless another date or place is agreed to in writing by the parties hereto.

Section 2.2 ***Closing Obligations.*** At the Closing:

(a) The Members will deliver to Buyer:

(i) certificates, if any, representing the Target Interests to Buyers, which certificates have been marked "CANCELED" by the appropriate Target;

(ii) a release in the form of Exhibit 2.2(a)(ii), executed by each of the Members (the "Release");

(iii) a pledge agreement in the form of Exhibit 2.2(a)(iii), executed by each of the Members (the "Pledge Agreement"), along with executed stock powers for the Pledged Shares, with signatures guaranteed by a commercial bank or by a member firm of the New York Stock Exchange;

(iv) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyers (the "Opinion of Members' Counsel");

(v) employment agreements, each substantially in the form of Exhibit 2.2(a)(v) to the AIP Merger Agreement, executed by Evans, Hawkins, and Shearer, respectively (collectively, the "Member Employment Agreements");

(vi) Buyers' standard employment agreement, executed by each Target employee that Buyer intends to retain;

(vii) the Certificate of Merger, duly executed by Targets, to be filed with the Secretary of State of the State of Oklahoma;

(viii) written consent for this Merger transaction, in form and substance reasonably acceptable to the Buyers, obtained from those parties identified on Schedule 3.5;

(ix) The Sellers shall have delivered managing member resolutions, duly adopted in accordance with the OLLCA, and such other instruments as Buyers may deem necessary or desirable, in their sole discretion, to evidence that each Target has terminated, and neither Target shall have any liability whatsoever (including, without limitation, the making of any payment in connection with such termination) with respect to: (A) any Member's employment agreement, or any agreement with either Target regarding outstanding subscriptions, options, warrants, rights, securities (including, without limitation, those convertible or exchangeable into the capital stock or other ownership or equity interests of either Target), contracts, agreements, commitments, understandings or other arrangements (whether oral or written) under which either Target is bound or obligated to issue any additional shares of capital stock or rights to purchase shares of capital stock; (B) all of its Employee Benefits Plans (except Targets' Employee Welfare Benefit Plans, as defined in **Section 3.20(b)** hereof), with such termination effective prior to the Closing Date, and all of its Employee Welfare Benefit Plans effective no later than August 1, 2001, along with a form notice to Targets' employees, satisfactory to Buyers, regarding the termination of Targets' Employee Welfare Benefit Plans, which notice shall be delivered to each Target's employees promptly after Closing; (C) any life insurance policies on the lives of any of the executives and other officers of Targets, together with any agreements to provide any of such policies at the expense of Targets; and (D) any and all leases of employee vehicles and any agreements with employees related to the provision of Targets' vehicles, or for the payment of a periodic vehicle allowance, by Targets (the "Target Resolutions"); and

(x) resolutions of the Members, duly adopted and executed in accordance with the relevant provisions of the OLLCA, approving the Merger and the other transactions contemplated herein, the Agreement, and the Ancillary Documents (the "Member Resolutions"); and

(b) Buyers shall deliver to the Members:

(i) certificates representing the number of Brown & Brown Shares to be issued to the Members at the Closing pursuant to **Section 1.8(a)(ii)** hereof;

(ii) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to Sellers (the "Opinion of Buyers' Counsel");

(iii) the Member Employment Agreements, executed by Brown & Brown; and

(iv) the Certificate of Merger, duly executed by Merger Sub, to be filed with the Secretary of State of the State of Oklahoma.

Section 2.4 ***Mutual Performance.*** At or prior to the Closing, the parties hereto shall also deliver to each other the agreements, certificates, and other documents and instruments referred to in **Articles 6** and **7** hereof.

Section 2.5 ***Third Party Consents.*** To the extent that the Merger may not be consummated hereunder without the consent of another person which has not been obtained, this Agreement shall not constitute an agreement to consummate such Merger if an attempted transfer would constitute a breach thereof or be unlawful, and the Members, at their expense, shall use their best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted transfer would be ineffective or would impair Buyers' rights so that Buyers would not in effect acquire the benefit of all such rights, the Members, to the maximum extent permitted by law, shall act after the Closing as Buyers' agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by law, with Buyers in any other reasonable arrangement designed to provide such benefits to Buyers.

Section 2.6 ***Further Assurances.*** From time to time after the Closing, at Buyers' request, the Members will execute, acknowledge and deliver to the Buyers such other instruments of conveyance and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as the Buyers may reasonably request in order to vest more effectively the Merger. Each of the parties hereto will cooperate with the others and execute, acknowledge and deliver to the other parties such other instruments and documents and take such other actions as may be reasonably requested from time to time by such other party as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

Section 2.7 ***Effective Date***. The Effective Date of this Agreement and all related instruments executed at the Closing shall be the Merger Date.

Article 3

Representations and Warranties of the Sellers

The Sellers represent and warrant to the Buyers as follows:

Section 3.1 ***Organization.*** Each Target is a limited liability company organized and in good standing under the laws of Oklahoma and its status is active. Each Target has all requisite power and authority and all necessary governmental approvals to own, lease, and operate its properties and to carry on its business as now being conducted. Each Target is duly qualified to do business and is in good standing as a foreign limited liability company in each jurisdiction where the conduct of its insurance agency business requires it to be so qualified.

Section 3.2 ***Authority.*** The Members have the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Members and constitutes their valid and binding obligation, enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, or similar laws from time to time in effect which offset creditors' rights generally, and general equitable principles.

Section 3.3 ***Capitalization.*** The Target Interests constitute all of the issued and outstanding membership interests of Targets. All of the Target Interests have been duly issued and are fully paid and nonassessable. All of the Target Interests are owned and held by the Members, free and clear of all liens, encumbrances or other third-party rights of any kind whatsoever. There are no outstanding agreements, options, rights or privileges, whether preemptive or contractual, to acquire membership interests or other securities of either Target.

Section 3.4 ***Corporate Records***. The Members have delivered to Buyers correct and complete copies of the Articles of Organization and Operating Agreement of each Target, each as amended to date. None of the Targets or Members is in default under or in violation of any provision of either Target's Articles of Organization or Operating Agreement.

Section 3.5 ***Consents and Approvals; No Violations.*** Except as set forth in Schedule 3.5 to the AIP Merger Agreement, neither the execution, delivery or performance of this Agreement by the Members nor the consummation by them of the transactions contemplated hereby nor compliance by them with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Articles of Organization or Operating Agreement of either Target, (b) except with respect to the filing of the Certificate of Merger with the Secretary of State of Oklahoma, require any filing with, or permit, authorization, consent, or approval of, any court, arbitral tribunal, administrative agency or commission, or other governmental or regulatory authority or agency (each a "Governmental Entity"), except where the failure to obtain such permits, authorizations, consents, or approvals or to make such filings would not have a material adverse effect, (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions, or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which any of the Members or either Target is a party or by which any of the Members or either Target or any of their respective properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Members or either Target, or any of their respective properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect on either Target or Buyers' ownership of the Target Interests.

Section 3.6 ***No Third Party Options.*** Except as set forth in Schedule 3.6 to the AIP Merger Agreement, there are no existing agreements, options, commitments, or rights with, of or to any person to acquire any of Targets' respective membership interests or any interest therein, assets, properties or rights, or any interests therein.

Section 3.7 ***Financial Statements.*** The Members have delivered to Buyers true and complete copies of (a) AIP and Targets' consolidated balance sheet as of February 28, 2001 and the related statement of income for the twelve (12) months then ended, and (b) AIP and Targets' consolidated `balance sheet at May 31, 2001 (the "Balance Sheet Date"), and the related statement of income for the three (3) months then ended. All of such financial statements were prepared internally by Targets and have not been externally reviewed or audited, but were prepared in accordance with Targets' standard accounting principles, consistently applied throughout the periods involved. Such balance sheets fairly present the financial position, assets and liabilities (whether accrued, absolute, contingent or otherwise) of Targets at the dates indicated and such statements of income fairly present the results of operations for the periods then ended. Targets' financial books and records are accurate and complete in all material respects.

Section 3.8 ***Absence of Certain Changes.*** Since the Balance Sheet Date, there have been no events or changes having a material adverse effect on the assets, liabilities, financial condition or operations of Targets or, to the Members' or either Target's Knowledge (as defined in **Section 10.2** of this Agreement), on the future prospects of Targets. Since the Balance Sheet Date, neither Target has made any distributions or payments to the Members (other than normal compensation that may have been paid to the Members in their capacity as bona fide employees) and has not entered into any agreements other than in the ordinary course of business. Since the Balance Sheet Date, each Target has carried on business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and has not taken any unusual actions in contemplation of this transaction except to the extent that Buyers have given their prior specific consent.

Section 3.9 ***Assets.*** (a) Targets own and hold, free and clear of any lien, charge, pledge, security interest, restriction, encumbrance or third-party interests of any kind whatsoever (including insurance company payables), sole and exclusive right, title, and interests in and to the customer expiration records for those designated customers listed in Schedule 3.9(a) to the AIP Merger Agreement, together with the exclusive right to use such records and all customer accounts, copies of insurance policies and contracts in force, and all files, invoices and records pertaining to the customers, their contracts and insurance policies, and all related information. All customer accounts listed so designated in Schedule 3.9(a) to the AIP Merger Agreement represent current customers of Targets and none of such accounts has been cancelled or transferred as of the date hereof. Except as otherwise set forth in Schedule 3.9(a) to the AIP Merger Agreement, none of the accounts shown in Schedule 3.9(a) to the AIP Merger Agreement represents business that has been brokered through a third party.

(b) The names "CompVantage" and "Beacon Insurance Agencies" are the only trade names used by Targets within the past three (3) years. No party has filed a claim during the past three (3) years against either Target alleging that it has violated, infringed on or otherwise improperly used the intellectual property rights of such party, or, if so, the claim has been settled with no existing liability to either Target and, to the Knowledge of the Members or either Target, neither Target has violated or infringed any trademark, trade name, service mark, service name, patent, copyright or trade secret held by others.

(c) To the Members' or either Target's Knowledge, the computer software of Targets performs in accordance with the documentation and other written material used in connection therewith, is substantially free of defects in programming and operation. The Members have delivered to Buyers complete and correct copies of all user and technical documentation related to such software.

(d) Targets or AIP own or lease all tangible assets necessary for the conduct of its business. All equipment, inventory, furniture and other assets owned or leased by Targets or AIP in their businesses are in a state of good repair and maintenance, having regard for the purposes of which they are used, and the purposes for which such assets are used and for which they are held by Targets or AIP are not, to the Members' or either Target's Knowledge, in violation of any statute, regulation, covenant or restriction. Targets or AIP own or lease all office furniture, fixtures and equipment in their offices located in Pryor, Oklahoma.

(e) All notes and accounts receivables of each Target are reflected properly on its books and records, are valid receivables subject to no set-offs or counterclaims either asserted to date or of which the Members or either Target has Knowledge, are presently current and collectible, and will be collected in accordance with their terms at their recorded amounts. All of Targets' accounts payable, including accounts payable to insurance carriers, are current and reflected properly on its books and records, and will be paid in accordance with their terms at their recorded amounts.

Section 3.10 ***Undisclosed Liabilities***. Neither Target has any liabilities, and there is no reasonable basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand against either Target giving rise to any liability, except (a) those liabilities reflected in the June 30, 2001 consolidated balance sheet of Targets and AIP`, and (b) liabilities which have arisen after June 30, 2001 in the ordinary course of business (none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of law, or arose from any charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand). Except as set forth in Schedule 3.10 to the AIP Merger Agreement, neither Target has guaranteed the obligations of any third party, including, without limitation, guarantees relating to premium financing on behalf of its customers.

Section 3.11 ***Litigation and Claims***. Except as disclosed in Schedule 3.11 to the AIP Merger Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the Members' or either Target's Knowledge, threatened against either Target, and there is no reasonable basis for such a suit, claim, action, proceeding or investigation. Neither Target is subject to any outstanding order, writ, injunction or decree which, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have an adverse effect on either Target or would prevent the Members from consummating the transactions contemplated hereby. No voluntary or involuntary petition in bankruptcy, receivership, insolvency, or reorganization with respect to the Members or either Target has been filed by or, to the Knowledge of the Members or either Target, against the Members or either Target, nor will the Members or either Target file such a petition prior to the Closing Date or for one hundred (100) days thereafter, and if such petition is filed by others, the same will be promptly discharged. Each of the Members is solvent on the date hereof and will be

solvent on the Closing Date. Neither the Members nor the Targets has, and at the Closing Date will not have, made any assignment for the benefit of creditors, or admitted in writing insolvency or that its property at fair valuation will not be sufficient to pay its debts, nor will the Members permit any judgment, execution, attachment, or levy against them or their properties to remain outstanding or unsatisfied for more than ten (10) days.

Section 3.12 ***Compliance with Applicable Law.*** Targets hold all permits, licenses, variances, exemptions, orders, and approvals of all Governmental Entities necessary for the lawful conduct of their businesses (collectively, the "Permits"). Each Target is in compliance with the terms of the Permits, except where the failure to comply would not have an adverse effect. Neither Target is conducting business in violation of any law, ordinance or regulation of any Governmental Entity (including, without limitation, the Gramm-Leach Bliley Financial Services Modernization Act of 1999 and any applicable federal or state regulations promulgated pursuant thereto), except for possible violations that individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not, have an adverse effect on its business. As of the date of this Agreement, no investigation or review by any Governmental Entity with respect to either Target is pending or, to the Knowledge of the Members or either Target, threatened, nor has any Governmental Entity indicated an intention to conduct the same.

Section 3.13 ***Tax Returns and Audits.*** Each Target has timely filed all federal, state, local and foreign tax returns, including all amended returns, in each jurisdiction where such Target is required to do so or has paid or made provision for the payment of any penalty or interests arising from the late filing of any such return, has correctly reflected all taxes required to be shown thereon, and has fully paid or made adequate provision for the payment of all taxes that have been incurred or are due and payable pursuant to such returns or pursuant to any assessment with respect to taxes in such jurisdictions, whether or not in connection with such returns. Neither Target is currently subject to any audits with respect to any federal, state, local or foreign tax returns required to be filed and there are no unresolved audit issues with respect to prior years' tax returns. There are no circumstances or pending questions relating to potential tax liabilities nor claims asserted for taxes or assessments of either Target that, if adversely determined, could result in a tax liability for any period prior to, including, or beginning after the Closing Date or on such Target's practices in computing or reporting taxes. Neither Target has executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect. Neither Target is holding any unclaimed property that it is required to surrender to any state taxing authority including, without limitation, any uncashed checks or unclaimed wages, and Targets have timely filed all unclaimed property reports required to be filed with such state taxing authorities. Neither Target purges its records of uncashed checks periodically.

Section 3.14 ***Contracts.*** (a) Schedule 3.14 to the AIP Merger Agreement lists all material contracts, agreements and other written arrangements to which either Target is a party, including, without limitation, the following:

(i) any written arrangement (or group of written arrangements) for the furnishing or receipt of services that calls for performance over a period of more than one (1) year;

(ii) any written arrangement concerning a partnership or joint venture;

(iii) any written arrangement (or group of written arrangements) under which either Target has created, incurred or assumed or may create, incur or assume indebtedness (including capitalized lease obligations) involving more than $10,000.00 or under which it has imposed (or may impose) a security interest on any of its assets, tangible or intangible;

(iv) any employment agreement;

(v) any written arrangement concerning confidentiality or non-competition;

(vi) any written arrangement involving either Target and their present or former affiliates, managers or members;

(vii) any written arrangement under which the consequences of a default or termination could have a material adverse effect on the assets, liabilities, business, financial condition, operations or future prospects of either Target; or

(viii) any other written arrangement (or group of related arrangements) either involving more than $10,000.00 or not entered into in the ordinary course of business.

(b) Neither Target is a party to any verbal contract, agreement or other arrangement which, if reduced to written form, would be required to be listed in Schedule 3.14 to the AIP Merger Agreement. The Members have delivered to Buyers a correct and complete copy of each written arrangement, as amended to date, listed in Schedule 3.14 to the AIP Merger Agreement. Each such contract, agreement and written arrangement is valid and enforceable in accordance with its terms, and no party is in default under any provision thereof.

Section 3.15 ***Non-Solicitation Covenants.*** Neither Target is a party to any agreement that restricts its ability to compete in the insurance agency industry or solicit specific insurance accounts.

Section 3.16 ***Insurance Policies.*** Schedule 3.16 to the AIP Merger Agreement sets forth a complete and correct list of all insurance policies held by Targets with respect to their businesses, and true and complete copies of such policies have been delivered to Buyers. Targets have substantially complied with all the provisions of such policies and the policies are in full force and effect.

Section 3.17 ***Errors and Omissions; Employment Practices Liability.*** (a) Neither Target has incurred any liability or taken or failed to take any action that may reasonably be expected to result in (i) a liability for errors or omissions in the conduct of its insurance

business or (ii) employment practices liability (EPL), except such liabilities as are fully covered by insurance. All errors and omissions (E&O) and EPL lawsuits and claims currently pending or threatened against either Target are set forth in Schedule 3.11 to the AIP Merger Agreement. Targets have E&O insurance coverage in force, with minimum liability limits of $2 million per occurrence and $6 million aggregate, with a deductible of $5,000.00, and the Sellers will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. Targets have had the same or higher levels of E&O coverage continuously in effect for at least the past five (5) years.

(b) Targets have EPL insurance coverage in force, with minimum liability limits of $1 million per occurrence and $1 million aggregate, with a deductible of $5,000.00 per claim, and the Sellers will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. Targets have had the same or higher levels of EPL coverage continuously in effect for at least the past three (3) years.

Section 3.18 ***Employee Dishonesty Coverage***. Schedule 3.18 to the AIP Merger Agreement sets forth a complete and correct list of all employee dishonesty bonds or policies, including the respective limits thereof, held by Targets in the three (3) year period prior to the Closing Date, and true and complete copies of such bonds or policies have been delivered to Buyers. Targets have complied with all the provisions of such bonds or policies and Targets have an employee dishonesty bond or policy in full force and effect as of the Closing Date.

Section 3.19 ***Employees.*** Except as disclosed in Schedule 3.14 to the AIP Merger Agreement, all employees of Targets are employees at will, and neither Target is a party to any written contract of employment.

Section 3.20 ***Employee Benefit Plans***. Schedule 3.20 to the AIP Merger Agreement lists each Employee Benefit Plan (as defined below) that Targets or any trade or business, whether or not incorporated, that together with Targets would be deemed a "single employer" within the meaning of Section 4001 of ERISA (as defined below) (a "Target ERISA Affiliate") maintains or to which either Target or any Target ERISA Affiliate contributes.

(a) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) complies in form and in operation in all respects with the applicable requirements of ERISA, the Code, and other applicable laws. No such Employee Benefit Plan is under audit by the Internal Revenue Service or the U.S. Department of Labor or comparable state agency.

(b) All required reports and descriptions (including Form 5500 Annual Reports, Summary Annual Reports, PBGC-1s, and summary plan descriptions) have been filed or distributed appropriately with respect to each such Employee Benefit Plan. The requirements of Part 6 of Subtitle B of Title I of ERISA and of Code Section 4980B have been met with respect to each such Employee Benefit Plan that is an "Employee Welfare Benefit Plan" as such term is defined in ERISA Section 3(1).

(c) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been paid to each such Employee Benefit Plan that is an "Employee Pension Benefit Plan" as such term is defined in ERISA Section 3(2), and all contributions for any period ending on or before the Closing Date that are not yet due have been paid to each such Employee Pension Benefit Plan or accrued in accordance with the past custom and practice of Targets. All premiums or other payments for all periods ending on or before the Closing Date have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(d) Each such Employee Benefit Plan that is an Employee Pension Benefit Plan meets the requirements of a "qualified plan" under Code Section 401(a) and has received, within the last two (2) years, a favorable determination letter from the Internal Revenue Service.

(e) The market value of assets under each such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any "Multiemployer Plan" as such term is defined in ERISA Section 3(37)) equals or exceeds the present value of all vested and nonvested liabilities thereunder determined in accordance with Pension Benefit Guaranty Corporation ("PBGC") methods, factors, and assumptions applicable to an Employee Pension Benefit Plan terminating on the date for determination.

(f) Targets have delivered to Buyers correct and complete copies of the plan documents and summary plan descriptions, the most recent Form 5500 Annual Report, and all related trust agreements, insurance contracts, and other funding agreements that implement each such Employee Benefit Plan.

(g) With respect to each Employee Benefit Plan that either Target or any Target ERISA Affiliate maintains or ever has maintained or to which it contributes, ever has contributed, or ever has been required to contribute:

(i) No such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any Multiemployer Plan) has been completely or partially terminated or been the subject of a "Reportable Event" (as such term is defined in ERISA Section 4043) as to which notices would be required to be filed with the PBGC. No proceeding by the PBGC to terminate any such Employee Pension Benefit Plan (other than any Multiemployer Plan) has been instituted or, to the Knowledge of the Members or either Target, threatened.

(ii) There have been no "Prohibited Transactions" as defined in ERISA Section 406 and Code Section 4975 with respect to any such Employee Benefit Plan. No "Fiduciary" as defined in ERISA Section 3(21) has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan. No action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of the Members or either

Target, threatened. None of the Members and the managers (and employees with responsibility for employee benefits matters) of either Target has any Knowledge of any basis for any such action, suit, proceeding, hearing, or investigation.

(iii) No Target has incurred, and none of the Targets, the Members and the managers (and employees with responsibility for employee benefits matters) of either Target has any reason to expect that either Target shall incur, any liability to the PBGC (other than PBGC premium payments) or otherwise under Title IV of ERISA (including any withdrawal liability) or under the Code with respect to any such Employee Benefit Plan that is an Employee Pension Benefit Plan.

(iv) Neither of the Targets nor any Target ERISA Affiliate contributes to, nor has ever been required to contribute to, any Multiemployer Plan or has any liability (including withdrawal liability) under any Multiemployer Plan.

(v) Neither of the Targets nor any Target ERISA Affiliate maintains or contributes, nor has ever maintained or contributed, or has ever been required to contribute to any Employee Welfare Benefit Plan providing medical, health, or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses, or their dependents (other than in accordance with Code Section 4980B).

As used in this Agreement, the term "Employee Benefit Plan" means any (a) nonqualified deferred compensation or retirement plan or arrangement that is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement that is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program.

Section 3.21 ***Intellectual Property***.

(a) Each Target owns or has the right to use pursuant to license, sublicense, agreement, or permission all Intellectual Property (as defined below) necessary for the operation of the businesses of such Target as presently conducted and as presently proposed to be conducted. Each item of Intellectual Property owned or used by either Target immediately prior to the Closing hereunder shall be owned or available for use by Merger Sub on identical terms and conditions immediately subsequent to the Closing hereunder. Each Target has taken all necessary action to maintain and protect each item of Intellectual Property that it owns or uses.

(b) To either Target's or the Members' Knowledge, no Target has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and none of the Members and the managers (and employees with responsibility for Intellectual Property matters) of either Target has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that such Target must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Members or either Target, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of either Target.

(c) Neither Target has any patents issued in its name, or patent applications filed or pending. Schedule 3.21(c) to the AIP Merger Agreement identifies each license, agreement, or other permission that either Target has granted to any third party with respect to any of its Intellectual Property (together with any exceptions). Targets have delivered to Buyers correct and complete copies of all such registrations, applications, licenses, agreements, and permissions (as amended to date) and has made available to Buyers correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Schedule 3.21(c) to the AIP Merger Agreement also identifies each trade name and registered or unregistered trademark or service mark used by either Target. With respect to each item of Intellectual Property required to be identified in Schedule 3.21(c) of the AIP Merger Agreement:

(i) Targets possess all right, title, and interest in and to the item, free and clear of any security interest, license, or other restriction;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened that challenges the legality, validity, enforceability, use, or ownership of the item; and

(iv) neither Target has any outstanding agreements to indemnify any person or entity for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(d) Schedule 3.21(d) of the AIP Merger Agreement identifies each item of Intellectual Property that any third party owns and that either Target uses pursuant to license, sublicense, agreement, or permission. Targets have delivered to Buyers correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). To the Members' or either Target's Knowledge, with respect to each item of Intellectual Property required to be identified in Schedule 3.21(d) of the AIP Merger Agreement:

(i) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, or permission shall continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in **Article 2** above);

(iii) no party to the license, sublicense, agreement, or permission is in breach or default, and no event has occurred that with notice or default or permit termination, modification, or acceleration thereunder;

(iv) no party to the license, sublicense, agreement, or permission has repudiated any provision thereof;

(v) with respect to each sublicense, the representations and warranties set forth in clauses **(i)** through **(iv)** above are true and correct with respect to the underlying license;

(vi) the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(vii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Members or either Target, is threatened that challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(viii) neither Target has granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission.

(e) To the Knowledge of the Members or either Target, neither Target shall interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of its businesses as presently conducted and as presently proposed to be conducted.

Section 3.22 ***Environment, Health, and Safety***.

(a) Each Target has materially complied with all Environmental, Health, and Safety Laws, and has received no written notice that any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand has been filed or commenced against it alleging any failure so to comply. Without limiting the generality of the preceding sentence, each of the Targets and their respective predecessors and affiliates has obtained and been in compliance with all of the terms and conditions of all permits, licenses, and other authorizations that are required under, and has materially complied with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables that are contained in, all Environmental, Health, and Safety Laws.

(b) Neither Target has any liability (and, to the Knowledge of either Target and the Members, none of the Targets and their respective predecessors and affiliates has handled or disposed of any substance, arranged for the disposal of any substance, exposed any employee or other individual to any substance or condition, or owned or operated any property or facility in any manner that could form the basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against either Target giving rise to any liability) for damage to any site, location, or body of water (surface or subsurface), for any illness of or personal injury to, any employee or other individual, or for any reason under any Environmental, Health, and Safety Law.

(c) All properties and equipment used in the businesses of the Targets and their predecessors and affiliates have been free of asbestos, polychlorinated biphenyls (PCBs), methylene chloride, trichloroethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances.

(d) As used in this Agreement, the term:

(i) "Environmental, Health, and Safety Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, together with all other laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes;

(ii) "Extremely Hazardous Substance" has the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended; and

(iii) "Hazardous Materials" means any "toxic substance" as defined in 15 U.S.C. Section 2601 et seq. on the date hereof, including materials designated on the date hereof as "hazardous substances" under 42 U.S.C. Section 9601 et seq. or other applicable laws, and toxic, radioactive, caustic, or otherwise hazardous substances, including petroleum and its derivatives, asbestos, PCBs, formaldehyde, chlordane and heptachlor.

Section 3.23 ***Pooling-of-Interests Accounting Matters***. Except as set forth on Schedule 3.23(a) to the AIP Merger Agreement, (i) neither Target has been a subsidiary or division of another corporation or a part of an acquisition which was later rescinded; (ii) within the past two (2) years, there has not been any sale, spin-off or split-up of a significant amount of assets of either Target other than in the ordinary course of business; (iii) neither Target owns any shares of the capital stock of Brown & Brown; (iv) neither Target has acquired any of its membership interests during the past two (2) years; (v) as of the Effective Time, neither Target has any obligation (whether contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its membership interests

or any interest therein or to pay any dividend or make any distribution in respect thereof; (vi) neither the voting structure of either Target nor the relative ownership of membership interests among the Members has been altered or changed within the last two (2) years in contemplation of the Merger; and (vii) none of the membership interests of either Target were issued pursuant to awards, grants or bonuses.

(b) To the Knowledge of each of the Sellers, neither of the Targets nor any Member has taken or agreed to take any action that would prevent Brown & Brown from accounting for this transaction as a pooling of interests. Without limiting the generality of the foregoing, to the Knowledge of the Members or either Target, no "Affiliate" (as defined below) of either Target has, during a period of thirty (30) days prior to the date of this Agreement, sold, pledged, hypothecated, or otherwise transferred or encumbered any membership interest or any interest therein of either Target held by such Affiliate. For purposes of this Agreement, the term "Affiliate" means any manager or owner of ten percent (10%) or more of the voting membership interests of either Target.

(c) As of the Closing Date, no Member has entered into any agreement to sell, pledge, hypothecate, or otherwise transfer or encumber the Brown & Brown Shares.

Section 3.24 ***Securities Law Representations***. (a) The Members were granted access to the business premises, offices, properties, and business, corporate and financial books and records of Buyers. The Members were permitted to examine the foregoing records, to question officers of Buyers, and to make such other investigations as they considered appropriate to determine or verify the business and financial condition of Buyers. Buyers furnished to the Members all information regarding its business and affairs that the Members requested, including, without limitation, (i) Buyer's Annual Report on Form 10-K for the year ended December 31, 2000, (ii) Amendment to Buyer's Annual Report on Form 10-K/A for the year ended December 31, 2000, (iii) Buyer's Annual Report to Members for the year ended December 31, 2000, (iv) the Proxy Statement for Buyer's 2001 Annual Meeting of Members, (v) Buyer's Report on Form 8-K filed on January 18, 2001, (vii) Amendment to Buyer's Report on Form 8-K/A filed on March 20, 2001, (viii) Second Amendment to Buyer's Report on Form 8-K/A filed on March 23, 2001, and (ix) Buyer's Quarterly Report on Form 10-Q for the three (3) months ended March 31, 2001.

(b) Each Member recognizes that the Brown & Brown Shares will, when issued, not be registered under the Securities Act of 1933, as amended (the "Securities Act") and will therefore, unless and until a registration statement with respect to the Brown & Brown Shares is declared effective by the Securities and Exchange Commission (the "SEC"), constitute "restricted securities" as defined pursuant to Rule 144(a)(3) under the Securities Act under which means, among other things, that the Members generally will not be able to sell the Brown & Brown Shares for a period of at least one (1) year following the Closing Date, and may not be sold, offered for sale, transferred, pledged, hypothecated or otherwise disposed of except in compliance with the Securities Act, as such, by way of illustration but without limitation, in compliance the safe harbor provisions of Rule 144; further, the legal consequences of the foregoing mean that the Member must bear the economic risk of the investment in the Brown & Brown Share for an indefinite period of time; further, if the Member desires to sell or transfer all or any part of the Brown & Brown Shares, Buyer may require the Member's counsel to provide a legal opinion that the transfer may be made without registration under the Securities Act; further, other restrictions discussed elsewhere herein may be applicable; further, the Member is subject to the restriction on transfer described herein and Buyer will issue stop transfer orders with Buyer's transfer agent to enforce such restrictions; further, the Brown & Brown Shares will bear a legend restricting transfer; and further, the following paragraph, or language substantially equivalent thereto, will be inserted in or stamped on the certificates evidencing the same:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND SUCH SHARES HAVE BEEN ACQUIRED FOR INVESTMENT. THIS STOCK MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING THE SAME UNDER THE SECURITIES ACT OF 1933 OR OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE SECURITIES LAWS.

(c) Because of their considerable knowledge and experience in financial and business matters, each of the Members is able to evaluate the merits, risks, and other factors bearing on the suitability of the Brown & Brown Shares as an investment. Each of the Members, individually or by virtue of a "purchaser representative" (as defined pursuant to Rule 501(h) under the Securities Act), qualifies as an "accredited investor" as defined under Rule 501(a) under the Securities Act.

(d) Each Member's annual income and net worth are such that he would not now be, and does not contemplate being, required to dispose of any investment in the Brown & Brown Shares, including the risk of losing all or any part of his investment and the inability to sell, transfer, pledge, or otherwise dispose of any of the Brown & Brown Shares for an indefinite period.

(e) Each Member's acquisition of the Brown & Brown Shares will be solely for his own account, as principal, for investment, and not with a view to, or for resale in connection with, any underwriting or distribution.

Section 3.25 ***No Misrepresentations***. None of the representations and warranties of the Members set forth in this Agreement or in the attached Schedules, notwithstanding any investigation thereof by Buyers, contains any untrue statement of a material fact, or omits the statement of any material fact necessary to render the statements made not misleading.

Article 4

Representations and Warranties of Buyers

Each of the Buyers represents and warrants to the Members as follows:

Section 4.1 ***Organization.*** Each of the Buyers is a corporation organized under the laws of Florida and its status is active. Each Buyer has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted. Each Buyer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased, or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and be in good standing would not in the aggregate have a material adverse effect.

Section 4.2 ***Authority.*** Each Buyer has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of each Buyer and no other corporate proceeding on the part of either Buyer is necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly executed and delivered by each Buyer and constitutes its valid and binding obligation, enforceable against each Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws from time to time in effect which offset creditors' rights generally and general equitable principles.

Section 4.3 ***Consents and Approvals; No Violations.*** Neither the execution, delivery or performance of this Agreement by Buyers nor the consummation by Buyers of the transactions contemplated hereby nor compliance by Buyers with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of either Buyer, (b) except with respect to the filing of the Certificate of Merger with the Secretary of State of Oklahoma, require any filing with, or permit authorization, consent, or approval of, any Governmental Entity, except where the failure to obtain such permits, authorizations, consents, or approvals or to make such filings would not have a material adverse effect, (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which either Buyer is a party or by which either Buyer or its properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to either Buyer or any of its properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect.

Section 4.4 ***SEC Reports and Financial Statements***. Buyer has filed with the SEC, and has heretofore made available to the Sellers true and complete copies of all forms, reports, schedules, statements and other documents required to be filed by it since December 31, 2000 under the Securities Exchange Act of 1934 (the "Exchange Act") or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Buyer SEC Documents"). The Buyer SEC Documents, including without limitation any financial statements and schedules included therein, at the time filed, (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. The financial statements of Buyer included in the Buyer SEC Documents comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q of the SEC) and fairly present (subject, in the case of the unaudited statements, to normal, recurring audit adjustments) the consolidated financial position of Buyer and its consolidated subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

Section 4.5 ***Absence of Certain Changes***. Except as disclosed in the Brown & Brown SEC Documents, since December 31, 2000, there have been no events, changes or events having, individually or in the aggregate, a material adverse effect on Buyers.

Section 4.6 ***No Undisclosed Liabilities***. Except as and to the extent set forth in Buyer's Quarterly Report on Form 10-Q for the three (3)-month period ended March 31, 2001, as of March 31, 2001, Buyer had no liabilities or obligations, whether or not accrued, contingent or otherwise, that would be required by generally accepted accounting principles to be reflected on a consolidated balance sheet of Buyer and its subsidiaries. Since March 31, 2001, Buyer has not incurred any liabilities, whether or not accrued, contingent or otherwise, outside the ordinary course of business or that would have, individually or in the aggregate, a material adverse effect on Buyer.

Section 4.7 ***Litigation***. Except as disclosed in the Brown & Brown SEC Documents filed prior to the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the Knowledge of Brown & Brown, threatened against Brown & Brown or any of its subsidiaries before any Governmental Entity that, individually or in the aggregate, is reasonably likely to have a material adverse effect on Brown & Brown or would prevent Brown & Brown from consummating the transactions contemplated by this Agreement. Except as disclosed in the Brown & Brown SEC Documents, neither Brown & Brown nor any of its subsidiaries is subject to any outstanding order, writ, injunction or decree that, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have a material adverse effect on Brown & Brown or would prevent either Buyer from consummating the transactions contemplated hereby.

Section 4.8 ***Accounting Matters***. (a) To the Knowledge of Buyers, neither Buyer nor any of their respective affiliates has through the date of this Agreement taken or agreed to take any action that (without giving effect to any action taken or agreed to be taken by either Target or any of its affiliates) would prevent the parties from accounting for the transaction to be effected by this Agreement as a pooling of interests.

(b) Without limiting the generality of **Section 4.8(a)**, to the Knowledge of Buyers, no Affiliate of either Buyer has, during a period of thirty (30) days prior to the date of this Agreement, sold, pledged, hypothecated, or otherwise transferred or encumbered any Brown & Brown Shares held by such Affiliate.

Section 4.9 ***Errors and Omissions***. Neither Buyer has incurred any material liability or taken or failed to take any action that may reasonably be expected to result in a material liability for errors or omissions in the conduct of its insurance business, except such liabilities as are fully covered by insurance and those disclosed in the Brown & Brown SEC Documents. Buyers have errors and omission (E&O) insurance coverage in force, with minimum liability limits of $75,000,000.00 per occurrence and $75,000,000.00 aggregate, with a deductible of $250,000.00.

Section 4.10 ***Securities Law Representations***. Buyers were granted access to the business premises, offices, properties, and business, corporate and financial books and records of the Targets. Buyers were permitted to examine the foregoing records, to question Members and managers of the Targets, and to make such other investigations as it considered appropriate to determine or verify the business and financial condition of the Targets. The Members furnished to Buyers all information regarding the business and affairs of the Targets that Buyers requested.

Article 5

[INTENTIONALLY OMITTED]

Article 6

Additional Agreements

Section 6.1 ***Access to Information.*** Upon reasonable notice, each Target shall, and the Members shall cause each Target to, afford to the officers, employees, accountants, counsel, and other authorized representatives of Buyers full access, during the period prior to the Closing Date, to all of the properties, books, contracts, commitments, records, and senior management of the Targets. Unless otherwise required by law, Buyers will hold any such information that is nonpublic in confidence, will not use such information in its business if the transaction does not close, and will return such information if the transaction does not close.

Section 6.2 ***Expenses.*** Whether or not the transaction is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

Section 6.3 ***Brokers or Finders.*** Each of the parties represents, as to itself, its subsidiaries and its affiliates, that no agent, broker, investment banker, financial advisor, or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, and each of the parties agrees to indemnify and hold the others harmless from and against any and all claims, liabilities, or obligations with respect to any fees, commissions, or expenses asserted by any person on the basis of any act or statement alleged to have been made by such party or its affiliate.

Section 6.4 ***Additional Agreements; Best Efforts.*** Subject to the terms and conditions of this Agreement, each of the parties agrees to use its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including cooperating fully with the other parties.

Section 6.5 ***Non-Competition Covenants***. Given the statewide nature of each Target's business, each of the Members agrees that he shall not, directly or indirectly, for a period of five (5) years beginning on the Closing Date (the "Restricted Period"), engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of, any entity (other than Buyers) engaged in the insurance agency business within the State of Oklahoma, or within those counties within the States of Kansas, Missouri or Arkansas that adjoin those states' respective borders with the State of Oklahoma. Without limiting the foregoing, none of the Members shall, during the Restricted Period, (a) solicit, divert, accept business from, nor service, directly or indirectly, as insurance solicitor, insurance agent, insurance broker or otherwise, for his account or the account of any other agent, broker, or insurer, either as owner, shareholder, promoter, employee, consultant, manager or otherwise, any account that is part of the Purchased Book of Business or any insurance account then serviced by Buyer, or (b) hire or directly or indirectly solicit any employees of Buyer or its affiliates to work for any Member or any of their affiliates, or any company that competes with Buyer or its affiliates. The Members acknowledge that the confidentiality and non-solicitation covenants to be contained in any employment agreements they may enter into with Buyers will be in addition to, and will not supersede or be subordinate to, the non-competition covenants contained in this **Section 6.5**.

Section 6.6 ***Pooling-of-Interests Accounting Matters***. Neither of the Targets nor any of the Members shall knowingly take any action, or knowingly fail to take any action, that would jeopardize the treatment of this transaction as a "pooling of interests" for accounting purposes. Without limiting the generality of the foregoing, each of the Members agrees that they would each be deemed "Affiliates" of the Targets (as such term is defined in **Section 3.23(b)** of this Agreement) and that, in order to preserve the pooling-of-interests treatment of this transaction, such Member shall not sell, pledge, hypothecate, or otherwise transfer or encumber any Brown & Brown Shares issued to such Member under this Agreement until the final results of at least thirty (30) days of post-Closing combined operations have been published by Brown & Brown, via the issuance of a quarterly earnings report or other means at Brown & Brown's sole discretion.

Section 6.7 ***Remedy for Breach of Covenants***. In the event of a breach of the provisions of **Section 6.5** or **6.6**, Buyers shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare the covenants set forth in **Section 6.5** or **6.6** unenforceable due to a unreasonable restriction, duration, geographical area or otherwise, the parties agree that such court shall be empowered and shall grant Buyers and their affiliates injunctive relief to the extent reasonably necessary to protect their respective interests. The Members each acknowledge that the covenants set forth in **Sections 6.5** and **6.6** represent an important element of each Target's value and were a material inducement for Buyers to enter into this Agreement.

Section 6.8 ***Successor Rights***. The covenants contained in **Section 6.5** and **6.6** shall inure to the benefit of any successor in interests of either Buyer by way of merger, consolidation, sale or other succession.

Section 6.9 ***Errors and Omissions Extended Reporting ("Tail") Coverage; Employment Practices Liability and Employee Dishonesty Coverage***. On or prior to the Closing Date, the Members shall cause the Targets to purchase, at Targets' expense, a tail coverage extension on Targets' errors and omissions (E&O) insurance policy. Such E&O tail coverage shall extend for a period of at least five (5) years from the Closing Date, shall have the same coverages and deductibles currently in effect, and shall otherwise be in form reasonably acceptable to Buyers. A Certificate of Insurance evidencing each such coverage shall be delivered to Buyers at or prior to Closing.

Section 6.10 *Tax Clearance Letters.* Prior to Closing, each Target and Merger Sub shall each request from the Oklahoma Tax Commission a letter stating that each Target's and Merger Sub's franchise tax has been paid for the current fiscal year, which letters, upon Closing, shall be included with the Certificate of Merger for filing with the Oklahoma Secretary of State (the "Tax Clearance Letters").

Section 6.11 ***Release.*** The Members each agree on the Closing Date to execute and deliver the Release.

Section 6.12 ***Pledge Agreement***. The parties agree on the Closing Date to enter into the Pledge Agreement.

Section 6.13 ***Member Employment Agreements.*** Brown & Brown and each of the Members agree on the Closing Date to enter into the respective Member Employment Agreements.

Section 6.14 ***Schedules.*** The Members agree prior to the Closing Date to deliver Schedules in form and substance satisfactory to Buyers.

Section 6.15 ***Certificate of Merger.*** Merger Sub and the Targets each agree on the Closing Date to execute the Certificate of Merger, and Merger Sub agrees to file such duly executed Certificate of Merger promptly after the Closing.

Section 6.16 ***Confidentiality.*** The parties agree to maintain the existence of this transaction and the terms hereof in confidence, until the earliest of the following circumstances occurs: (a) the parties mutually agree to release such information to the public; (b) Buyers reasonably conclude that such disclosure is required by law; or (c) the Closing has occurred and ownership of the Target Interests has passed to Buyers.

Section 6.17 ***Preparation of Tax Return.*** The Members recognize that a year-to-date income tax return must be prepared and filed for each Target as a result of this transaction and that the Members are primarily responsible for preparing this return. The Members therefore agree to prepare this return promptly after the Closing, at their expense, and deliver it to the Targets to review and file. Buyers shall be solely responsible for any changes they make to the return prepared by the Members.

Section 6.18 ***Employee Benefits; Credit for Service with Targets.*** With respect to any Employee Benefit Plan (as defined in **Section 3.20** hereof) maintained or sponsored by Buyers, any waiting period for eligibility or vesting under any such Employee Benefit Plan shall provide employees of either Target whom Buyers wish to retain with credit for such employees' prior service with such Target. In addition, such Target employees shall receive credit for prior service in determining vacation and sick days under Buyers' vacation and sick day policies as applicable.

Article 7

Conditions

Section 7.1 ***Conditions to Each Party's Obligation.*** The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction prior to or on the Closing Date of the following conditions:

(a) *Approvals.* All authorizations, consents, orders, or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity, the failure to obtain which would have a material adverse effect on either Target, shall have been filed, occurred, or been obtained.

(b) *No Injunctions or Restraints.* No temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transaction shall be in effect.

(c) *Tax Clearance Letters.* The Targets and Merger Sub shall have each delivered a Tax Clearance Letter from the OTC as described in **Section 6.10** hereof.

(d) *AIP Merger Agreement.* The transactions contemplated by the AIP Merger Agreement shall become effective simultaneously with the transactions contemplated by this Agreement.

Section 7.2 ***Conditions to Obligations of Buyers.*** The obligation of Buyers to effect the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions, unless waived by Buyers:

(a) *Representations and Warranties.* The representations and warranties of the Members set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by the Members.* The Members shall have performed all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(c) *Employment Agreements.* (A) Each Member shall have executed and delivered to Buyers a copy of his respective Member Employment Agreement, and (A) each employee of the Targets that Buyers intend to retain shall have executed and delivered to Buyers a copy of an employment agreement with Brown & Brown or Merger Sub, as the case may be, which employment agreements contain confidentiality and non-solicitation provisions.

(d) *Due Diligence*. Buyers shall be satisfied, in their sole discretion, with the results of their due diligence investigation of the Targets.

(e) *Opinion of the Members' Counsel*. The Members shall have delivered to Buyers a written opinion of counsel dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyers.

(f) *Pledge Agreement.* The Members shall have executed and delivered to Buyers the Pledge Agreement.

(g) *Release*. Each Member shall have executed and delivered to Buyers the Release.

(h) *Schedules.* The Members shall have delivered to Buyers those Schedules required under the AIP Merger Agreement to delivered by the Members to Buyers.

(i) *Certificate of Merger.* Each Target shall have executed and delivered to Buyers the Certificate of Merger.

(j) *E&O, EPL and Employee Dishonesty Coverages*. The Members shall have delivered or caused to be delivered to Buyers a Certificate of Insurance evidencing Targets' E&O tail coverage policy required under **Section 6.9**, and shall deliver evidence of Targets' EPL and employee dishonesty coverages as set forth in **Sections 3.17(b)** and **3.18**, respectively.

(k) *Adverse Changes*. There shall have been no material adverse change to the business or financial condition of either Target since the Balance Sheet Date.

(l) *Buyers' Board Approval*. Buyers' Boards of Directors shall have approved the Merger, this Agreement and the transactions and other agreements, instruments and documents contemplated herein (including, without limitation, approval for credit to retained Target employees for prior service with either Target with respect to Buyers' Employee Benefit Plans, as set forth in **Section 6.18** hereof), and Brown & Brown's Board of Directors shall have approved the issuance of the Brown & Brown Shares to the Members.

(m) *Approval of Members and Targets.* Each Target and the Members shall have delivered to Buyers resolutions evidencing the Members' and such Target's manager's approval of the Merger, this Agreement and the transactions and other agreements, instruments and documents contemplated herein.

(n) *Tangible Net Worth*. Buyers shall be satisfied that the Targets and AIP have a consolidated tangible net worth as of the Closing Date, after appropriate reductions including, but not limited to, the cost of purchasing the E&O tail coverage policies required under **Section 6.9** hereof and the corresponding section of the AIP Merger Agreement, all distributions to the Members, and the write-off of all accounts receivables of either Target or AIP aged over fifty-nine (59) days of the Closing Date (the "Aged Accounts Receivable"), of at least $200,000.00; provided, however, that Buyers hereby agree to assign all right, title and ownership to such written-off Aged Accounts Receivable to the Members.

(o) *Target Resolutions and Member Resolutions.* Sellers shall have delivered to Buyers the Target Resolutions and Member Resolutions.

(p) *Company Vehicles and Boats.* Buyers shall be satisfied in their sole discretion that all autos, other vehicles and boats owned or leased by either Target have been sold, distributed or assumed, as the case may be.

(q) *Liquidation of Securities.* Buyers shall be satisfied in their sole discretion that all investment securities beneficially owned or held by the Companies have been liquidated prior to Closing.

(r) *Satisfaction of All Liens and Encumbrances.* Buyers shall have received evidence satisfactory to them in their sole discretion that any and all liens, judgments, or other encumbrances against the Target Interests have been fully satisfied and released prior to Closing.

(s) *Willingness of Insurance Carriers to Appoint Merger Sub*. Buyers shall be satisfied in their discretion that each Target's insurance carriers, brokers, and managing general agents (MGAs) are willing to appoint Merger Sub on terms acceptable to Buyers.

(t) *Accounting Treatment; Securities Exemption*. Buyers shall be satisfied in their sole discretion that the Merger and related issuance of the Brown & Brown Shares shall qualify (i) for treatment for accounting purposes as a pooling-of-interests transaction and (ii) for an exemption from registration under federal and state securities laws.

Section 7.3 ***Conditions to Obligation of the Members.*** The obligations of the Members to effect the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions, unless waived by the Members:

(a) *Representations and Warranties.* The representations and warranties of Buyers set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by Buyers*. Buyers shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(c) *Opinion of Buyer's Counsel*. Buyer's Assistant General Counsel shall have delivered to the Members a written opinion dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to the Members.

Article 8

Indemnification

Section 8.1 ***Survival of Representations, Warranties, Indemnities and Covenants.*** The representations, warranties and indemnities set forth in this Agreement and any right to bring an action at law, in equity, or otherwise for any misrepresentation or breach of warranty under this Agreement shall survive for a period of one (1) year from the Closing Date. All post-closing covenants set forth in **Article 6** hereof shall survive the Closing for the period specified in this Agreement or, if not specified, for a period of one (1) year following the Closing Date.

Section 8.2 ***Indemnification Provisions for the Benefit of Buyers.*** Subject to **Section 8.4** hereof, the Members, jointly and severally, agree to indemnify and hold Buyers and their respective officers, directors and affiliates harmless from and against any and all Adverse Consequences (as defined below) that any of such parties may suffer or incur resulting from, arising out of, relating to, or caused by (a) the material breach of any of the Members' representations, warranties, obligations or covenants contained herein, or (b) the operation of Targets' insurance agency businesses or ownership of the Target Interests by the Members on or prior to the Closing Date, including, without limitation, any claims or lawsuits based on conduct of either Target or the Members occurring before the Closing. For purposes of this **Article 8**, the phrase "Adverse Consequences" means all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations, injunctions, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), obligations, taxes, liens, losses, expenses, and fees, including all reasonable attorneys' fees and court costs, net of aggregate insurance proceeds actually received. For purposes of this **Section 8.2**, "Adverse Consequences" also specifically includes any Adverse Consequences attributable to any deductible(s) due and payable under Targets' policies described under **Section 6.9** hereof.

Section 8.3 ***Indemnification Provisions for the Benefit of the Members***. Subject to **Section 8.4** hereof, Buyers agree, jointly and severally, to indemnify and hold the Members harmless from and against any and all Adverse Consequences the Members may suffer or incur resulting from, arising out of, relating to, or caused by (a) the material breach of any of Buyers' representations, warranties, obligations or covenants contained herein, or (b) the operation of the insurance agency businesses of Targets after the Closing Date, including, without limitation, any claims or lawsuits based on conduct of either Buyer occurring after the Closing.

Section 8.4 ***Maximum Indemnification Obligation; Materiality Threshold.*** (a) The maximum indemnification obligation of any party (the Buyers on the one hand, and the Sellers on the other hand, collectively referred to as one party for purposes of this **Section 8.4**) hereunder shall be limited to the aggregate value, as of the Closing Date, of the Merger Consideration (the "Maximum Liability Amount").

(b) No party shall be entitled to indemnification hereunder with respect to any claim or claims unless and until the amount of the indemnified claim or claims under this Agreement and the AIP Merger Agreement exceeds $25,000.00 in the aggregate. Once such party's claims exceed $25,000.00 in the aggregate, such party shall be entitled to be indemnified for the full amount of its claims, including the initial $25,000.00 thereof.

(c) Notwithstanding anything to the contrary in this **Section 8.4**, the Sellers' indemnification obligations under this **Article 8** with respect to any and all Adverse Consequences that Buyer may suffer or incur resulting from, arising out of, relating to, or caused by Sellers' breach of their respective covenants set forth in **Sections 6.5, 6.6** or **6.16** hereof or the corresponding sections of the LLCs Merger Agreement shall not be subject to the Maximum Liability Amount or the Maximum Threshold Amount.

Article 9

[INTENTIONALLY OMITTED]

Article 10

Miscellaneous

Section 10.1 ***Notices.*** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (if confirmed), or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses or at such other address for a party as shall be specified by like notice:

(a) If to Buyers, to

Brown & Brown, Inc.
401 E. Jackson Street, Suite 1700
Tampa, Florida 33602
Telecopy No.: (813) 222-4464
Attn: Laurel L. Grammig, Esq.

(b) if to the Members, to

William D. Evans
1709 South Marietta Street
Pryor, Oklahoma 74361

John C. Hawkins
18785 Timberlake Drive
Claremore, Oklahoma 74017

Robert W. Shearer
13465 Hickory Drive
Claremore, Oklahoma 74017

with a copy to

Riggs, Abney, Neal, Turpen, Orbison & Lewis, P.C.
502 West Sixth Street
Tulsa, Oklahoma 74103
Telecopy No.: (918) 587-9708
Attn: Harley W. Thomas, Esq.

Section 10.2 ***Use of Term "Knowledge".*** With respect to the term "Knowledge" as used herein: (a) an individual will be deemed to have "Knowledge" of a particular fact or other matter if (i) such individual is actually aware of such fact or other matter, or (ii) a prudent individual reasonably could be expected to discover or otherwise become of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or matter; and (b) a corporation or other entity will be deemed to have "Knowledge" of a particular fact or other matter if any individual who is serving, within the twelve (12)-month period prior to the Closing Date, as a director or officer (or in a similar capacity) of such corporation or entity has, or at any time had, Knowledge of such fact or other matter.

Section 10.3 ***Counterparts.*** This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 10.4 ***Entire Agreement.*** This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

Section 10.5 ***Assignment.*** Except as contemplated in **Section 6.8** hereof, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. This Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and permitted assigns.

Section 10.6 ***Amendment.*** This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties hereto.

Section 10.7 ***Joint Efforts***. This Agreement is the result of the joint efforts and negotiations of the parties hereto, with each party being represented, or having the opportunity to be represented, by legal counsel of its own choice, and no singular party is the author or drafter of the provisions hereof. Each of the parties assumes joint responsibility for the form and composition of this Agreement and each party agrees that this Agreement shall be interpreted as though each of the parties participated equally in the composition of this Agreement and each and every provision and part hereof. The parties agree that the rule of judicial interpretation to the effect that any ambiguity or uncertainty contained in an agreement is to be construed against the party that drafted the agreement shall not be applied in the event of any disagreement or dispute arising out of this Agreement.

Section 10.8 ***Headings***. All paragraph headings herein are inserted for convenience of reference only and shall not modify or affect the construction or interpretation of any provision of this Agreement.

Section 10.9 ***Severability***. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be illegal, invalid or unenforceable, either in whole or in part, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions or covenants, or any part thereof, all of which shall remain in full force and effect.

Section 10.10 ***Attorneys' Fees***. The prevailing party in any proceeding brought to enforce the provisions of this Agreement shall be entitled to an award of reasonable attorneys' fees and costs incurred at both the trial and appellate levels incurred in enforcing its rights hereunder.

Section 10.11 ***Governing Law.*** This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida without regard to conflicts of laws principles thereof, except as to the effectuation of the Merger, which shall be governed by and construed and enforced in accordance with the OLLCA.

*** * * * * * * * * ***

[Remainder of Page Intentionally Left Blank - Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed or caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

BUYERS:

BROWN & BROWN, INC.

By:/S/ C. ROY BRIDGES

Name: C. Roy Bridges

Title: Regional Executive Vice President

CV MERGER CO.

By: /S/ C. ROY BRIDGES

Name: C. Roy Bridges

Title: President

SELLERS:

COMPVANTAGE INSURANCE AGENCY, L.L.C.

By: /S/ ROBERT W. SHEARER

Name: Robert W. Shearer

Title: Manager

AGENCY OF INDIAN PROGRAMS

INSURANCE, L.L.C.

By: /S/ ROBERT W. SHEARER

Name: Robert W. Shearer

Title: Manager

/S/ WILLIAM D. EVANS

William D. Evans, individually

/S/ JOHN C. HAWKINS

John C. Hawkins, individually

/S/ ROBERT W. SHEARER

Robert W. Shearer, individually

SCHEDULES AND EXHIBITS

Schedule 3.5: Consents and Approvals
Schedule 3.6: Third Party Options
Schedule 3.9(a): Book of Business
Schedule 3.10: Guarantees of Third Party Obligations
Schedule 3.11: Litigation and Claims
Schedule 3.14: Material Contracts
Schedule 3.16: Insurance Policies
Schedule 3.18: Employee Dishonesty Coverage
Schedule 3.20: Employee Benefit Plans
Schedule 3.21(c): Owned Intellectual Property
Schedule 3.21(d): Licensed Intellectual Property
Schedule 3.23(a): Pooling-of-Interests Accounting Matters

Exhibit 1.2: Certificate of Merger
Exhibit 2.2(a)(ii): Release
Exhibit 2.2(a)(iii): Pledge Agreement
Exhibit 2.2(a)(iv): Opinion of the Members' Counsel
Exhibit 2.2(a)(v): Member Employment Agreement
Exhibit 2.2(b)(ii): Opinion of Buyer's Counsel

EXHIBIT 10.5

STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT,** dated as of August 1, 2001 (this "Agreement"), is made and entered into by and among **BROWN & Brown, Inc.**, a Florida corporation ("Buyer"), and **JOHN P. CONNELLY**, a resident of the State of Florida, and **KEVIN J. CONNELLY**, a resident of the State of Florida (each a "Shareholder" and collectively, the "Shareholders").

Background

The Shareholders own all of the outstanding capital stock of The Connelly Insurance Group, Inc., a Florida corporation (the "Company"). The Company is engaged primarily in the insurance agency business in Clearwater, Florida. The Shareholders wish to sell all of the outstanding shares of the Company to Buyer, and Buyer desires to acquire such shares, upon the terms and conditions expressed in this Agreement. It is the intent of the parties hereto that the transactions contemplated in this Agreement be treated as a pooling-of-interests transaction for accounting purposes and as a tax-free reorganization as described in Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

THEREFORE, in consideration of the respective representations, warranties, covenants and agreements set forth herein, the sufficiency of which is hereby acknowledged, the parties agree as follow:

Article 1

The Acquisition

Section 1.1 ***Purchase and Sale of Shares***. On and subject to the terms and conditions of this Agreement, Buyer agrees to purchase one hundred shares of common stock of the Company, par value $1.00 per share (the "Company Shares"), from the Shareholders and the Shareholders agree to sell all of the Company Shares to Buyer, free and clear of all liens and encumbrances. The Company Shares constitute all of the issued and outstanding shares of capital stock of the Company. The Company Shares shall be sold to Buyer for the consideration specified in **Section 1.2**.

Section 1.2 ***Consideration***. The consideration for the Company Shares shall be the issuance of shares of common stock of Buyer to the Shareholders. The number of shares of common stock of Buyer to be issued to the Shareholders (the "Buyer Shares") shall be 257,588, which is equal to (a) Eleven Million Seven Hundred Sixty Four Thousand Fifty Five Dollars and No/100 Dollars ($11,764,055.00), which the parties agree equals (i) $12,000,000.00 minus (ii) $235,945.00, which is the amount by which the Company's Tangible Net Worth (as defined in **Section 7.2(k)(i)**) is less than ten percent (10%) of the Company's Core Revenue (as defined in **Section 7.2(k)(ii)**) for the twelve (12)-month period ending as of the Closing Date, divided by (b) $45.67, the average closing price for a share of common stock of Buyer, as reported on the New York Stock Exchange, in the twenty (20) day period ending at the close of business on the third business day in advance of the Closing Date (as defined in **Section 2.1** hereof) (the "Average Price").

Section 1.3 ***Delivery of Buyer Shares*.** (a) The Buyer Shares shall be issued to the Shareholders, in each case rounded up or down to the nearest whole share, as follows:

(i) 25,759 shares, which equals ten percent (10%) of the Buyer Shares, shall be pledged to Buyer as partial security for the indemnification obligations of the Shareholders under **Article 8** hereof (the "Pledged Shares"). These Pledged Shares, subject to any reduction in number as may be necessary to satisfy the Shareholders' indemnification obligations, shall be delivered to the Shareholders one (1) year after the Closing Date, in accordance with the terms of the Pledge Agreement attached hereto as Exhibit 2.2(a)(iii).

(ii) 231,799, representing the remainder of the Buyer Shares shall be delivered to the Shareholders at the Closing (as defined in **Section 2.1** hereof). Of the total number of Buyer Shares to be issued to the Shareholders, (A) 201,665 shares representing 87% will be issued to Shareholder John Connelly, of which 181,499 shares will be issued at Closing, and 30,134 shares representing 13% will be issued to Shareholder Kevin Connelly, of which 27,121 shares will be issued at Closing.

(b) The parties agree that the dollar value of each Buyer Share shall be the Average Price for all purposes in determining (i) the number of Buyer Shares to be issued under **Section 1.2** hereof, (ii) the number of Buyer Shares to be pledged under this **Section 1.3**, or (iii) the number of Pledged Shares Buyer may withhold to satisfy an indemnifiable claim, notwithstanding the actual market value of such shares (in each case with respect to clauses **(i)**, **(ii)** or **(iii)**, as adjusted for any stock splits or stock dividends).

Section 1.4 ***Accounting and Tax Treatment***. The parties agree (a) to structure this transaction as a tax-free exchange, and (b), as more fully described in **Section 6.6** of this Agreement, to treat this transaction for accounting purposes as a pooling-of-interests transaction and to take all actions necessary to characterize the transaction as such.

Section 1.5 ***"Piggy Back" Registration Rights for Buyer Shares.*** The Shareholders shall have the rights and obligations set forth in the Registration Rights Addendum attached hereto with respect to the "piggy back" registration of the Buyer Shares for sale and other matters addressed therein.

Article 2

Closing, Items to be Delivered,

Further Assurances, and Effective Date

Section 2.1 ***Closing.*** The consummation of the purchase and sale under this Agreement (the "Closing") will take place at 9 a.m., local time, on August 1, 2001 (the "Closing Date"), at the Buyer's office located at 401 E. Jackson Street, Suite 1700, Tampa, Florida unless another date or place is agreed to in writing by the parties hereto.

Section 2.2 ***Closing Obligations.*** At the Closing:

(a) The Shareholders will deliver to Buyer:

(i) certificates representing the Company Shares to Buyer, with executed and notarized stock powers attached, for transfer to Buyer;

(ii) a release in the form of Exhibit 2.2(a)(ii), executed by each of the Shareholders (the "Release");

(iii) a pledge agreement in the form of Exhibit 2.2(a)(iii), executed by each of the Shareholders (the "Pledge Agreement"), along with executed stock powers with signatures guaranteed by a commercial bank or by a member firm of the New York Stock Exchange;

(iv) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyer (the "Opinion of Shareholders' Counsel");

(v) employment agreements in the form of Exhibit 2.2(a)(v), executed by those Shareholders to whom Buyer has offered employment (collectively, "Shareholder Employment Agreements");

(vi) duly executed resolutions of Company's Board of Directors evidencing to Buyers' satisfaction that Company has terminated (A) all of its Employee Benefits Plans (except Company's Employee Welfare Benefit Plans, as defined in **Section 3.20(b)** hereof), with such termination effective prior to the Closing Date, with directions to Company's legal counsel to apply for a determination letter from the Internal Revenue Service with respect to the termination of Company's 401(k) Plan, (B) all of its Employee Welfare Benefit Plans effective immediately following Closing and (C) with respect to clauses **(A)** and **(B)**, the Shareholders shall also deliver a form Notice of Intent to Terminate, satisfactory to Buyers, regarding the termination of Company's Employee Benefit Plans, which Notice shall be delivered to all participants and beneficiaries under Company's Employee Benefit Plans promptly after Closing; and

(b) Buyer shall deliver to the Shareholders:

(i) certificates representing the number of Buyer Shares to be issued to the Shareholders at the Closing pursuant to **Section 1.3(a)** hereof;

(ii) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyer (the "Opinion of Buyer's Counsel"); and

(iii) the Shareholder Employment Agreements, executed by Buyer.

Section 2.3 ***Mutual Performance.*** At or prior to the Closing, the parties hereto shall also deliver to each other the agreements, certificates, and other documents and instruments referred to in **Articles 6** and **7** hereof.

Section 2.4 ***Third Party Consents.*** To the extent that the Company Shares may not be transferred to Buyer hereunder without the consent of another person which has not been obtained, this Agreement shall not constitute an agreement to transfer the same if an attempted transfer would constitute a breach thereof or be unlawful, and the Shareholders, at their expense, shall use their best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted transfer would be ineffective or would impair Buyer's rights so that Buyer would not in effect acquire the benefit of all such rights, the Shareholders, to the maximum extent permitted by law, shall act after the Closing as Buyer's agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by law, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer.

Section 2.5 ***Further Assurances.*** From time to time after the Closing, at Buyer's request, the Shareholders will execute, acknowledge and deliver to Buyer such other instruments of conveyance and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Buyer may reasonably request in order to vest more effectively in Buyer, or to put Buyer more fully in possession of, the Company Shares. Each of the parties hereto will cooperate with the others and execute and deliver to the other parties such other instruments and documents and take such other actions as may be reasonably requested from time to time by such other party as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

Section 2.6 ***Effective Date***. The Effective Date of this Agreement and all related instruments executed at the Closing shall be the Closing Date.

Article 3

Representations and Warranties of the Shareholders

The Shareholders represent and warrant to Buyer as follows:

Section 3.1 ***Organization.*** The Company is a corporation organized and in good standing under the laws of the State of Florida and its status is active. The Company has all requisite corporate power and authority and all necessary governmental approvals to own, lease, and operate its properties and to carry on its business as now being conducted. The Company is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the conduct of its insurance agency business requires it to be so qualified.

Section 3.2 ***Authority.*** The Shareholders have the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Shareholders and constitutes their valid and binding obligation, enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws from time to time in effect relating to or affecting the enforcement of creditors' rights generally and general equitable principles.

Section 3.3 ***Capitalization.*** The Company Shares constitute all of the issued and outstanding shares of capital stock of the Company. All of the Company Shares have been duly issued and are fully paid and nonassessable. All of the Company Shares are owned and held by the Shareholders, free and clear of all liens, encumbrances or other third-party rights of any kind whatsoever. There are no outstanding agreements, options, rights or privileges, whether preemptive or contractual, to acquire shares of capital stock or other securities of the Company.

Section 3.4 ***Corporate Records***. The Shareholders have delivered to Buyer correct and complete copies of the Articles of Incorporation and Bylaws of the Company, each as amended to date. The minute books containing the records of meetings of the shareholders, board of directors, and any committees of the board of directors, the stock certificate books, and the stock record books of the Company are correct and complete and have been made available for inspection by Buyer. The Company is not in default under or in violation of any provision of its Articles of Incorporation or Bylaws.

Section 3.5 ***Consents and Approvals; No Violations.*** Neither the execution, delivery or performance of this Agreement by the Shareholders nor the consummation by them of the transactions contemplated hereby nor compliance by them with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of the Company, (b) require any filing with, or permit, authorization, consent, or approval of, any court, arbitral tribunal, administrative agency or commission, or other governmental or regulatory authority or agency (each a "Governmental Entity"), (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions, or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which any of the Shareholders or the Company is a party or by which any of the Shareholders or the Company or any of their respective properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Shareholders or the Company, or any of their respective properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect on the Company or Buyer's ownership of the Company Shares.

Section 3.6 ***No Third Party Options.*** There are no existing agreements, options, commitments, or rights with, of or to any person to acquire any of the Company's assets, properties or rights, or any interests therein.

Section 3.7 ***Financial Statements.*** The Shareholders have delivered to Buyer true and complete copies of (a) the Company's balance sheet as of December 31, 2000 and the related statement of income for the twelve (12) months then ended**,** and (b) the Company's balance sheet at June 30, 2001 (the "Balance Sheet Date"), and the related statement of income for the six (6) months then ended, all such financial statements were prepared internally by the Company and have not been externally reviewed or audited, but were prepared in accordance with the Company's standard accounting principles, consistently applied throughout the periods involved. Such balance sheets fairly present the financial position, assets and liabilities (whether accrued, absolute, contingent or otherwise) of the Company at the dates indicated and such statements of income fairly present the results of operations for the periods then ended. The Company's financial books and records are accurate and complete in all material respects.

Section 3.8 ***Absence of Certain Changes.*** Since the Balance Sheet Date, there have been no events or changes having a material adverse effect on the assets, liabilities, financial condition or operations of the Company or, to the Shareholders' or the Company's Knowledge (as defined in **Section 10.2** of this Agreement), on the future prospects of the Company. Since the Balance Sheet Date, the Company has not made any distributions or payments to shareholders (other than normal compensation that may have been paid to the Shareholders in their capacity as bona fide employees, advance payments of professional fees, shareholder distributions, accrued liabilities, recording direct bill commissions and corresponding producer commission payables, and normal recurring Subchapter S corporation shareholder distributions, none of which shall reduce the Tangible Net Worth (as defined below) below ten percent (10%) of Core Revenue (as defined below)) and has not entered into any agreements other than in the ordinary course of business. Since the Balance Sheet Date, the Company has carried on business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and has not taken any unusual actions in contemplation of this transaction except to the extent that Buyer has given its prior specific consent.

Section 3.9 ***Assets.*** (a) The Company owns and holds, free and clear of any lien, charge, pledge, security interest, restriction, encumbrance or third-party interests of any kind whatsoever (including insurance company payables), sole and exclusive right, title, and interests in and to the customer expiration records for those customers listed in Schedule 3.9(a), together with the exclusive right to use such records and all customer accounts, copies of insurance policies and contracts in force, and all files, invoices and records pertaining to the customers, their contracts and insurance policies, and all related information. All customer

accounts listed in Schedule 3.9(a) represent current customers of the Company and none of such accounts has been cancelled or transferred as of the date hereof. None of the accounts shown in Schedule 3.9(a) represents business that has been brokered through a third party.

(b) The name "The Connelly Insurance Group"; "Shelton & Connelly Insurance"; "Brantley-Connelly Insurance Group" and "Rankin & Rankin" are the only trade names used by the Company within the past three (3) years. No party has filed a claim during the past three (3) years against the Company alleging that it has violated, infringed on or otherwise improperly used the intellectual property rights of such party, or, if so, the claim has been settled with no existing liability to the Company and, to the Knowledge of the Shareholders or the Company, the Company has not violated or infringed any trademark, trade name, service mark, service name, patent, copyright or trade secret held by others.

(c) The computer software of the Company performs in accordance with the documentation and other written material used in connection therewith, is substantially free of defects in programming and operation. The Shareholders have made available to Buyer for review and copying complete and correct copies of all available user and technical documentation related to such software.

(d) The Company owns or leases all tangible assets necessary for the conduct of its business. All equipment, inventory, furniture and other assets owned or used by the Company in its business are in a state of good repair and maintenance, having regard for the purposes of which they are used, and the purposes for which such assets are used and for which they are held by the Company are not in violation of any statute, regulation, covenant or restriction. The Company owns or leases all office furniture, fixtures and equipment in its offices located at 630 Chestnut Street, Clearwater, Florida 33757 and 1302 S.E. 25th Loop, Suite 102, Ocala, Florida 34471.

(e) All notes and accounts receivables of the Company are reflected properly on its books and records, are valid receivables subject to no set-offs or counterclaims either asserted to date or of which the Shareholders or the Company has Knowledge, are presently current and collectible, and will be collected in accordance with their terms at their recorded amounts. All of the Company's accounts payable, including accounts payable to insurance carriers, are current and reflected properly on its books and records, and will be paid in accordance with their terms at their recorded amounts.

Section 3.10 ***Undisclosed Liabilities***. The Company has no liabilities, and there is no basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand against the Company giving rise to any liability, except (a) those liabilities reflected in the June 30, 2001 balance sheet of the Company, and (b) liabilities which have arisen after the Balance Sheet Date in the ordinary course of business (none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of law, or arose from any charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand). The Company has not guaranteed the obligations of any third party, including, without limitation, guarantees relating to premium financing on behalf of its customers.

Section 3.11 ***Litigation and Claims***. Except as disclosed in Schedule 3.11, there is no suit, claim, action, proceeding or investigation pending or threatened against the Company, and there is no basis for such a suit, claim, action, proceeding or investigation. The Company is not subject to any outstanding order, writ, injunction or decree which, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have an adverse effect on the Company or would prevent the Shareholders from consummating the transactions contemplated hereby. No voluntary or involuntary petition in bankruptcy, receivership, insolvency, or reorganization with respect to the Shareholders or the Company has been filed by or, to the Knowledge of the Shareholders or the Company, against the Shareholders or the Company, nor will the Shareholders or the Company file such a petition prior to the Closing Date or for one hundred (100) days thereafter, and if such petition is filed by others, the same will be promptly discharged. Each of the Shareholders is solvent on the date hereof and will be solvent on the Closing Date. Neither the Shareholders nor the Company has, and at the Closing Date will not have, made any assignment for the benefit of creditors, or admitted in writing insolvency or that its property at fair valuation will not be sufficient to pay its debts, nor will the Shareholders permit any judgment, execution, attachment, or levy against them or their properties to remain outstanding or unsatisfied for more than ten (10) days.

Section 3.12 ***Compliance with Applicable Law.*** The Company holds all permits, licenses, variances, exemptions, orders, and approvals of all Governmental Entities necessary for the lawful conduct of its business (collectively, the "Permits"). The Company is in compliance with the terms of the Permits, except where the failure to comply would not have an adverse effect. The Company is not conducting business in violation of any law, ordinance or regulation of any Governmental Entity (including, without limitation, the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 ("Gramm-Leach-Bliley") and any applicable federal or state regulations promulgated pursuant thereto), except for possible violations that individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not, have an adverse effect on its business; provided, however, that such representation as to compliance with Gramm-Leach-Bliley is based upon the Company's compliance with the Florida Association of Independent Agent's published interpretation of the Florida Department of Insurance's position regarding insurance agency compliance with Gramm-Leach-Bliley. The representation regarding compliance with Gramm-Leach-Bliley is based upon the reliance on the Florida Association of Independent Insurance Agents interpretation of the Florida Department of Insurance position regarding compliance with Gramm-Leach-Bliley. As of the date of this Agreement, no investigation or review by any Governmental Entity with respect to the Company is pending or, to the Knowledge of the Shareholders or the Company, threatened, nor has any Governmental Entity indicated an intention to conduct the same.

Section 3.13 ***Tax Returns and Audits.*** The Company has timely filed all federal, state, local and foreign tax returns, including all amended returns, in each jurisdiction where the Company is required to do so or has paid or made provision for the payment of any

penalty or interests arising from the late filing of any such return, has correctly reflected all taxes required to be shown thereon, and has fully paid or made adequate provision for the payment of all taxes that have been incurred or are due and payable pursuant to such returns or pursuant to any assessment with respect to taxes in such jurisdictions, whether or not in connection with such returns. The Company is not currently subject to any audits with respect to any federal, state, local or foreign tax returns required to be filed and there are no unresolved audit issues with respect to prior years' tax returns. There are no circumstances or pending questions relating to potential tax liabilities nor claims asserted for taxes or assessments of the Company that, if adversely determined, could result in a tax liability for any period prior to, including, or beginning after the Closing Date or on the Company's practices in computing or reporting taxes. The Company has not executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect. The Company is not holding any unclaimed property that it is required to surrender to any state taxing authority including, without limitation, any uncashed checks or unclaimed wages, and the Company has timely filed all unclaimed property reports required to be filed with such state taxing authorities. The Company does not purge its records of uncashed checks periodically.

Section 3.14 ***Contracts.*** (a) Schedule 3.14 lists all material contracts, agreements and other written arrangements to which the Company is a party, including, without limitation, the following:

(i) any written arrangement (or group of written arrangements) for the furnishing or receipt of services that calls for performance over a period of more than one (1) year;

(ii) any written arrangement concerning a partnership or joint venture;

(iii) any written arrangement (or group of written arrangements) under which the Company has created, incurred or assumed or may create, incur or assume indebtedness (including capitalized lease obligations) involving more than $10,000.00 or under which it has imposed (or may impose) a security interest on any of its assets, tangible or intangible;

(iv) any employment agreement;

(v) any written arrangement concerning confidentiality or non-competition;

(vi) any written arrangement involving the Company and its present or former affiliates, officers, directors or shareholders;

(vii) any written arrangement under which the consequences of a default or termination could have a material adverse effect on the assets, liabilities, business, financial condition, operations or future prospects of the Company; or

(viii) any other written arrangement (or group of related arrangements) either involving more than $10,000.00 or not entered into in the ordinary course of business.

(b) The Company is not a party to any verbal contract, agreement or other arrangement which, if reduced to written form, would be required to be listed in Schedule 3.14. The Shareholders have delivered to Buyer a correct and complete copy of each written arrangement, as amended to date, listed in Schedule 3.14. Each such contract, agreement and written arrangement is valid and enforceable in accordance with its terms, and no party is in default under any provision thereof.

Section 3.15 ***Non-Solicitation Covenants.*** The Company is not a party to any agreement that restricts its ability to compete in the insurance agency industry or solicit specific insurance accounts.

Section 3.16 ***Insurance Policies.*** Schedule 3.16 sets forth a complete and correct list of all insurance policies held by the Company with respect to its business, and true and complete copies of such policies have been delivered to Buyer. The Company has complied with all the provisions of such policies and the policies are in full force and effect.

Section 3.17 ***Errors and Omissions; Employment Practices Liability.*** The Company has not incurred any liability or taken or failed to take any action that may reasonably be expected to result in (a) a liability for errors or omissions in the conduct of its insurance business or (b) employment practices liability (EPL), except such liabilities as are fully covered by insurance. All errors and omissions (E&O) and EPL lawsuits and claims currently pending or threatened against the Company are set forth in Schedule 3.11. The Company has E&O insurance coverage in force, with minimum liability limits of $1 million per occurrence and $3 million aggregate, with a deductible of $10,000, and the Shareholders will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. The Company has EPL insurance coverage in force, with minimum liability limits of $1 million, with a deductible of $10,000 (fifty percent (50%) paid by the Company and fifty percent (50%) paid by AdvanTech Solutions I, Inc., and the Shareholders will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. The Company has had the same or higher levels of E&O and EPL coverage continuously in effect for at least the past five (5) years.

Section 3.18 ***Employee Dishonesty Coverage***. Schedule 3.18 sets forth a complete and correct list of all employee dishonesty bonds or policies, including the respective limits thereof, held by the Company in the three (3) year period prior to the Closing Date, and true and complete copies of such bonds or policies have been delivered to Buyer. The Company has complied with all the provisions of such bonds or policies and the Company has an employee dishonesty bond or policy in full force and effect as of the Closing Date.

Section 3.19 ***Employees.*** Except as disclosed in Schedule 3.15, all employees of the Company are employees at will, and the Company is not a party to any written contract of employment. None of the Company's employees is currently being treated for a

major medical condition.

Section 3.20 ***Employee Benefit Plans***. Schedule 3.20 lists each Employee Benefit Plan (as defined below) that the Company or any trade or business, whether or not incorporated, that together with the Company would be deemed a "single employer" within the meaning of Section 4001 of ERISA (as defined below) (a "Company ERISA Affiliate") maintains or to which the Company or any Company ERISA Affiliate contributes.

(a) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) complies in form and in operation in all respects with the applicable requirements of ERISA, the Code, and other applicable laws. No such Employee Benefit Plan is under audit by the Internal Revenue Service or the Department of Labor.

(b) All required reports and descriptions (including Form 5500 Annual Reports, Summary Annual Reports, PBGC-1s, and summary plan descriptions) have been filed or distributed appropriately with respect to each such Employee Benefit Plan. The requirements of Part 6 of Subtitle B of Title I of ERISA and of Code Section 4980B have been met with respect to each such Employee Benefit Plan that is an "Employee Welfare Benefit Plan" as such term is defined in ERISA Section 3(1).

(c) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been paid to each such Employee Benefit Plan that is an "Employee Pension Benefit Plan" as such term is defined in ERISA Section 3(2), and all contributions for any period ending on or before the Closing Date that are not yet due have been paid to each such Employee Pension Benefit Plan or accrued in accordance with the past custom and practice of the Company. All premiums or other payments for all periods ending on or before the Closing Date have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(d) Each such Employee Benefit Plan that is an Employee Pension Benefit Plan meets the requirements of a "qualified plan" under Code Section 401(a) and has received, within the last two (2) years, a favorable determination letter from the Internal Revenue Service.

(e) The market value of assets under each such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any "Multiemployer Plan" as such term is defined in ERISA Section 3(37)) equals or exceeds the present value of all vested and nonvested liabilities thereunder determined in accordance with Pension Benefit Guaranty Corporation ("PBGC") methods, factors, and assumptions applicable to an Employee Pension Benefit Plan terminating on the date for determination.

(f) The Company has delivered (or no later than five (5) days prior to the Closing Date shall deliver) to Buyer correct and complete copies of the plan documents and summary plan descriptions, the most recent Form 5500 Annual Report, and all related trust agreements, insurance contracts, and other funding agreements that implement each such Employee Benefit Plan.

(g) With respect to each Employee Benefit Plan that the Company or any Company ERISA Affiliate maintains or ever has maintained or to which it contributes, ever has contributed, or ever has been required to contribute:

(i) No such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any Multiemployer Plan) has been completely or partially terminated or been the subject of a "Reportable Event" (as such term is defined in ERISA Section 4043) as to which notices would be required to be filed with the PBGC. No proceeding by the PBGC to terminate any such Employee Pension Benefit Plan (other than any Multiemployer Plan) has been instituted or, to the Knowledge of the Shareholders or the Company, threatened.

(ii) There have been no "Prohibited Transactions" as defined in ERISA Section 406 and Code Section 4975 with respect to any such Employee Benefit Plan. No "Fiduciary" as defined in ERISA Section 3(21) has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan. No action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of the Shareholders or the Company, threatened. None of the Shareholders and the directors and officers (and employees with responsibility for employee benefits matters) of the Company has any Knowledge of any basis for any such action, suit, proceeding, hearing, or investigation.

(iii) The Company has not incurred, and none of the Company, the Shareholders and the directors and officers (and employees with responsibility for employee benefits matters) of the Company has any reason to expect that the Company shall incur, any liability to the PBGC (other than PBGC premium payments) or otherwise under Title IV of ERISA (including any withdrawal liability) or under the Code with respect to any such Employee Benefit Plan that is an Employee Pension Benefit Plan.

(iv) Neither the Company nor any Company ERISA Affiliate contributes to, nor has ever been required to contribute to, any Multiemployer Plan or has any liability (including withdrawal liability) under any Multiemployer Plan.

(v) Neither the Company nor any Company ERISA Affiliate maintains or contributes, nor has ever maintained or contributed, or has ever been required to contribute to any Employee Welfare Benefit Plan providing medical, health, or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses, or their dependents (other than in accordance with Code Section 4980B).

As used in this Agreement, the term "Employee Benefit Plan" means any (a) nonqualified deferred compensation or retirement plan or arrangement that is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement that is

an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program.

Section 3.21 ***Intellectual Property***.

(a) The Company owns or has the right to use pursuant to license, sublicense, agreement, or permission all Intellectual Property (as defined below) necessary or desirable for the operation of the businesses of the Company as presently conducted and as presently proposed to be conducted. Each item of Intellectual Property owned or used by The Company immediately prior to the Closing hereunder shall be owned or available for use by Buyer on identical terms and conditions immediately subsequent to the Closing hereunder. The Company has taken all necessary and desirable action to maintain and protect each item of Intellectual Property that it owns or uses.

(b) The Company has not interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and none of the Shareholders and the directors and officers (and employees with responsibility for Intellectual Property matters) of the Company has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that the Company must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Shareholders or the Company, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of the Company.

(c) The Company has no patents issued in its name, or patent applications filed or pending. Schedule 3.21 (c) identifies each license, agreement, or other permission that the Company has granted to any third party with respect to any of its Intellectual Property (together with any exceptions). The Company has delivered to Buyer correct and complete copies of all such registrations, applications, licenses, agreements, and permissions (as amended to date) and has made available to Buyer correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Schedule 3.21(c) also identifies each trade name and registered or unregistered trademark or service mark used by the Company. With respect to each item of Intellectual Property required to be identified in Schedule 3.21(c):

(i) The Company possesses all right, title, and interest in and to the item, free and clear of any security interest, license, or other restriction;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened that challenges the legality, validity, enforceability, use, or ownership of the item; and

(iv) The Company has never agreed to indemnify any person or entity for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(d) Schedule 3.21(d) identifies each item of Intellectual Property that any third party owns and that the Company uses pursuant to license, sublicense, agreement, or permission. The Company has delivered to Buyer correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). With respect to each item of Intellectual Property required to be identified in Schedule 3.21(d):

(i) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, or permission shall continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in **Article 2** above);

(iii) no party to the license, sublicense, agreement, or permission is in breach or default, and no event has occurred that with notice or default or permit termination, modification, or acceleration thereunder;

(iv) no party to the license, sublicense, agreement, or permission has repudiated any provision thereof;

(v) with respect to each sublicense, the representations and warranties set forth in clauses **(i)** through **(iv)** above are true and correct with respect to the underlying license;

(vi) the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(vii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Shareholders or the Company, is threatened that challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(viii) The Company has not granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission.

(e) To the Knowledge of the Shareholders or the Company, the Company shall not interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of its businesses as presently conducted and as presently proposed to be conducted.

As used in this Agreement the term "Intellectual Property" means (A) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (B) all trademarks, service marks, trade dress, logos, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (C) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (D) all mask works and all applications, registrations, and renewals in connection therewith, (E) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (F) all computer software (including data and related documentation), (G) all registered domain names, website content, website related software, and all other Internet related tools and applications, (H) all other proprietary rights, and (I) all copies and tangible embodiments thereof (in whatever form or medium).

Section 3.22 ***Environment, Health, and Safety.***

(a) The Company and its predecessors and affiliates have complied with all Environmental, Health, and Safety Laws, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against it alleging any failure so to comply. Without limiting the generality of the preceding sentence, each of the Company and its predecessors and affiliates has obtained and been in compliance with all of the terms and conditions of all permits, licenses, and other authorizations that are required under, and has complied with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables that are contained in, all Environmental, Health, and Safety Laws.

(b) The Company has no liability (and none of the Company and its predecessors and affiliates has handled or disposed of any substance, arranged for the disposal of any substance, exposed any employee or other individual to any substance or condition, or owned or operated any property or facility in any manner that could form the basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against the Company giving rise to any liability) for damage to any site, location, or body of water (surface or subsurface), for any illness of or personal injury to, any employee or other individual, or for any reason under any Environmental, Health, and Safety Law.

(c) All properties and equipment used in the business of the Company and its predecessors and affiliates have been free of asbestos, polychlorinated biphenyls (PCBs), methylene chloride, trichloroethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances.

(d) As used in this Agreement, the term:

(i) "Environmental, Health, and Safety Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, together with all other laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes;

(ii) "Extremely Hazardous Substance" has the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended; and

(iii) "Hazardous Materials" means any "toxic substance" as defined in 15 U.S.C. Section 2601 et seq. on the date hereof, including materials designated on the date hereof as "hazardous substances" under 42 U.S.C. Section 9601 et seq. or other applicable laws, and toxic, radioactive, caustic, or otherwise hazardous substances, including petroleum and its derivatives, asbestos, PCBs, formaldehyde, chlordane and heptachlor.

Section 3.23 ***Accounting Matters***. To the Knowledge of any of the Shareholders, no "Affiliate" (as defined below) of any Acquired Company has, during a period of thirty (30) days prior to the date of this Agreement, sold, pledged, hypothecated, or otherwise transferred or encumbered any capital stock of the Company held by such Affiliate. For purposes of this Agreement, the term "Affiliate" means any officer, director, or owner of ten percent (10%) or more of the voting capital stock of the Company.

Section 3.24 ***Securities Law Representations***. (a) The Shareholders were granted access to the business premises, offices, properties, and business, corporate and financial books and records of Buyer. The Shareholders were permitted to examine the foregoing records, to question officers of Buyer, and to make such other investigations as they considered appropriate to determine or verify the business and financial condition of Buyer. Buyers furnished to the Shareholders all information regarding its business and affairs that the Shareholders requested, including, without limitation, (i) Buyer's Annual Report on Form 10-K for the year ended December 31, 2000, (ii) Amendment to Buyer's Annual Report on Form 10-K/A for the year ended December 31, 2000, (iii)

Buyer's Annual Report to Shareholders for the year ended December 31, 2000, (iv) the Proxy Statement for Buyer's 2001 Annual Meeting of Shareholders, (v) Buyer's Report on Form 8-K filed on January 18, 2001, (vii) Amendment to Buyer's Report on Form 8-K/A filed on March 20, 2001, (viii) Second Amendment to Buyer's Report on Form 8-K/A filed on March 23, 2001, and (ix) Buyer's Quarterly Report on Form 10-Q for the three (3) months ended March 31, 2001.

(b) The Shareholders recognize that the Buyer Shares will not, when issued, be registered under the Securities Act of 1933, as amended (the "Securities Act") and will therefore, unless and until a registration statement with regard to such Buyer shares is declared effective by the Securities and Exchange Commission, constitute "restricted securities" as defined pursuant to Rule 144(a)(3) under the Securities Act under which means, among other things, that the Shareholders generally will not be able to sell the Buyer Shares for a period of at least one (1) year following the Closing Date, and may not be sold, offered for sale, transferred, pledged, hypothecated or otherwise disposed of except in compliance with the Securities Act, as such, by way of illustration but without limitation, in compliance the safe harbor provisions of Rule 144; further, the legal consequences of the foregoing mean that the Shareholders must bear the economic risk of the investment in the Buyer Share for an indefinite period of time; further, if either Shareholder desires to sell or transfer all or any part of the Buyer Shares, Buyer may require such Shareholder's counsel to provide a legal opinion that the transfer may be made without registration under the Securities Act; further, other restrictions discussed elsewhere herein may be applicable; further, the Shareholders are subject to the restriction on transfer described herein and Buyer will issue stop transfer orders with Buyer's transfer agent to enforce such restrictions; further, the Buyer Shares will bear a legend restricting transfer; and further, the following paragraph, or language substantially equivalent thereto, will be inserted in or stamped on the certificates evidencing the same:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND SUCH SHARES HAVE BEEN ACQUIRED FOR INVESTMENT. THIS STOCK MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING THE SAME UNDER THE SECURITIES ACT OF 1933 OR OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE SECURITIES LAWS.

(c) Because of their considerable knowledge and experience in financial and business matters, each of the Shareholders is able to evaluate the merits, risks, and other factors bearing on the suitability of the Buyer Shares as an investment. Each of the Shareholders, individually or by virtue of a "purchaser representative" (as defined pursuant to Rule 501(h) under the Securities Act), qualifies as an "accredited investor" as defined under Rule 501(a) under the Securities Act.

(d) Each Shareholder's annual income and net worth are such that he would not now be, and does not contemplate being, required to dispose of any investment in the Buyer Shares, including the risk of losing all or any part of his investment and the inability to sell, transfer, pledge, or otherwise dispose of any of the Buyer Shares for an indefinite period.

(e) Each Shareholder's acquisition of the Buyer Shares will be solely for his own account, as principal, for investment, and not with a view to, or for resale in connection with, any underwriting or distribution.

Section 3.25 ***No Misrepresentations***. None of the representations and warranties of the Shareholders set forth in this Agreement or in the attached Schedules, notwithstanding any investigation thereof by Buyer, contains any untrue statement of a material fact, or omits the statement of any material fact necessary to render the statements made not misleading.

Article 4

Representations and Warranties of Buyer

Buyer represents and warrants to the Shareholders as follows:

Section 4.1 ***Organization.*** Buyer is a corporation organized under the laws of the State of Florida and its status is active. Buyer has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted. Buyer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased, or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and be in good standing would not in the aggregate have a material adverse effect.

Section 4.2 ***Authority.*** Buyer has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of Buyer and no other corporate proceeding on the part of Buyer is necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly executed and delivered by Buyer and constitutes its valid and binding obligation, enforceable against Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws from time to time in effect which offset creditors' rights generally and general equitable principles.

Section 4.3 ***Consents and Approvals; No Violations.*** Neither the execution, delivery or performance of this Agreement by Buyer nor the consummation by Buyer of the transactions contemplated hereby nor compliance by Buyer with any of the provisions

hereof will (a) conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of Buyer, (b) require any filing with, or permit authorization, consent, or approval of, any Governmental Entity, except where the failure to obtain such permits, authorizations, consents, or approvals or to make such filings would not have a material adverse effect, (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which Buyer is a party or by which Buyer or its properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Buyer or any of its properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect.

Section 4.4 ***SEC Reports and Financial Statements***. Buyer has filed with the SEC, and has heretofore made available to the Shareholders true and complete copies of all forms, reports, schedules, statements and other documents required to be filed by it since December 31, 2000 under the Securities Exchange Act of 1934 (the "Exchange Act") or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Buyer SEC Documents"). The Buyer SEC Documents, including without limitation any financial statements and schedules included therein, at the time filed, (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. The financial statements of Buyer included in the Buyer SEC Documents comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q of the SEC) and fairly present (subject, in the case of the unaudited statements, to normal, recurring audit adjustments) the consolidated financial position of Buyer and its consolidated subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

Section 4.5 ***Absence of Certain Changes***. Except as disclosed in the Buyer SEC Documents, since December 31, 2000, there have been no events, changes or events having, individually or in the aggregate, a material adverse effect on Buyer.

Section 4.6 ***No Undisclosed Liabilities***. Except as and to the extent set forth in Buyer's Quarterly Report on Form 10-Q for the period ended March 31, 2001, as of March 31, 2001, Buyer had no liabilities or obligations, whether or not accrued, contingent or otherwise, that would be required by generally accepted accounting principles to be reflected on a consolidated balance sheet of Buyer and its subsidiaries. Since March 31, 2001, Buyer has not incurred any liabilities, whether or not accrued, contingent or otherwise, outside the ordinary course of business or that would have, individually or in the aggregate, a material adverse effect on Buyer.

Section 4.7 ***Litigation***. Except as disclosed in the Buyer SEC Documents filed prior to the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the Knowledge of Buyer, threatened against Buyer or any of its subsidiaries before any Governmental Entity that, individually or in the aggregate, is reasonably likely to have a material adverse effect on Buyer or would prevent Buyer from consummating the transactions contemplated by this Agreement. Except as disclosed in the Buyer SEC Documents, neither Buyer nor any of its subsidiaries is subject to any outstanding order, writ, injunction or decree that, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have a material adverse effect on Buyer or would prevent Buyer from consummating the transactions contemplated hereby.

Section 4.8 ***Accounting Matters***. To the Knowledge of Buyer, neither Buyer nor any of its affiliates has through the date of this Agreement taken or agreed to take any action that (without giving effect to any action taken or agreed to be taken by the Company or any of its affiliates) would prevent the parties from accounting for the transaction to be effected by this Agreement as a pooling of interests.

Section 4.9 ***Errors and Omissions***. Buyer has not incurred any material liability or taken or failed to take any action that may reasonably be expected to result in a material liability for errors or omissions in the conduct of its insurance business, except such liabilities as are fully covered by insurance and those disclosed in the Buyer SEC Documents. Buyer has errors and omission (E&O) insurance coverage in force, with minimum liability limits of $35,000,000.00 per occurrence and $35,000,000.00 aggregate, with a deductible of $250,000.00.

Section 4.10 ***Securities Law Representations***. (a) Buyer was granted access to the business premises, offices, properties, and business, corporate and financial books and records of the Company. Buyer was permitted to examine the foregoing records, to question officers of the Company, and to make such other investigations as it considered appropriate to determine or verify the business and financial condition of the Company. The Shareholders furnished to Buyer all information regarding the business and affairs of the Company that Buyer requested.

(b) Because of its considerable knowledge and experience in financial and business matters, Buyer is able to evaluate the merits, risks, and other factors bearing on the suitability of the Company Shares as an investment.

(c) Buyer's annual income and net worth are such that it would not now be, and does not contemplate being, required to dispose of any investment in the Company Shares, including the risk of losing all or any part of its investment and the inability to sell, transfer, pledge, or otherwise dispose of any of the Company Shares for an indefinite period. Buyer recognizes that the Company Shares will not be registered under the Securities Act and will therefore constitute "restricted securities," which means, among other things, that Buyer generally will not be able to sell the Company Shares for a period of at least one (1) year following the Closing Date.

(d) Buyer's acquisition of the Company Shares will be solely for its own account, as principal, for investment, and not with a view to, or for resale in connection with, any underwriting or distribution.

Article 5

[INTENTIONALLY OMITTED]

Article 6

Additional Agreements

Section 6.1 ***Access to Information.*** Upon reasonable notice, the Shareholders shall cause the Company to afford to the officers, employees, accountants, counsel, and other authorized representatives of Buyer full access, during the period prior to the Closing Date, to all of the properties, books, contracts, commitments, records, and senior management of the Company. Unless otherwise required by law, Buyer will hold any such information that is nonpublic in confidence, will not use such information in its business if the transaction does not close, and will return such information if the transaction does not close.

Section 6.2 ***Expenses.*** Whether or not the transaction is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

Section 6.3 ***Brokers or Finders.*** Shareholders have engaged the consulting firm of Marsh Berry who will be entitled to a broker's fee paid by the Shareholders in connection with the transactions contemplated by this Agreement, and Shareholders agree to indemnify and hold the Company harmless from and against any and all claims, liabilities, or obligations with respect to such fees, commissions, or expenses asserted by Marsh Berry or its employees or affiliates on the basis of any act or statement alleged to have been made by such party or its affiliate.

Section 6.4 ***Additional Agreements; Best Efforts.*** Subject to the terms and conditions of this Agreement, each of the parties agrees to use its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including cooperating fully with the other parties.

Section 6.5 ***Non-Competition Covenants***. (a) Each of the Shareholders agrees that he shall not, directly or indirectly, for a period of five (5) years beginning on the Closing Date, engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of, any entity (other than Buyer or the Company) engaged in the insurance agency business within the following counties: Pinellas, Pasco, Hillsborough, Polk, Manatee and Sarasota. Without limiting the foregoing, the Shareholder shall not, during such five-year period, (i) solicit, divert, accept business from, nor service, directly or indirectly, as insurance solicitor, insurance agent, insurance broker or otherwise, for his account or the account of any other agent, broker, or insurer, either as owner, shareholder, promoter, employee, consultant, manager or otherwise, any account of the Company or any insurance account then serviced by Buyer, or (ii) hire or directly or indirectly solicit any employees of Buyer or its affiliates to work for the Shareholders or any of their affiliates, or any company that competes with Buyer or its affiliates.

(b) Notwithstanding anything in this Agreement to the contrary, the covenants set forth in this **Section 6.5** shall not be held invalid or unenforceable because of the scope of the territory or actions subject hereto or restricted hereby, or the period of time within which such covenants are imperative; but the maximum territory, the actions subject to such covenants, and the period of time in which such covenants are enforceable, respectively, are subject to determination by a final judgment of any court which had jurisdiction over the parties and subject matter.

Section 6.6 ***Accounting Matters***. Each of the Shareholders agrees that they would each be deemed an "Affiliate" of the Company (as such term is defined in **Section 3.24** of this Agreement) and that, in order to preserve the pooling-of-interests accounting treatment of this transaction, such Shareholder shall not sell, pledge, hypothecate, or otherwise transfer or encumber any Buyer Shares issued to such Shareholder under this Agreement until the final results of at least thirty (30) days of post-Closing combined operations have been published by Buyer, via the issuance of a quarterly earnings report or other means at Buyer's sole discretion.

Section 6.7 ***Remedy for Breach of Covenants***. In the event of a breach of the provisions of **Section 6.5** or **6.6**, Buyer and the Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare the covenants set forth in **Section 6.5** or **6.6** unenforceable due to a unreasonable restriction, duration, geographical area or otherwise, the parties agree that such court shall be empowered and shall grant Buyer, the Company and their affiliates injunctive relief to the extent reasonably necessary to protect their respective interests. The Shareholders acknowledge that the covenants set forth in **Section 6.5** and **6.6** represent an important element of the value of the Company Shares and were a material inducement for Buyer to enter into this Agreement.

Section 6.8 ***Successor Rights***. The covenants contained in **Section 6.5** and **6.6** shall inure to the benefit of any successor in interests of Buyer by way of merger, consolidation, sale or other succession.

Section 6.9 ***Errors and Omissions and Employment Practices Liability Extended Reporting ("Tail") Coverage***. On or prior to the Closing Date, the Shareholders shall cause the Company to purchase, at the Company's expense, a tail coverage extension on each of the Company's errors and omissions (E&O) and employment practices liability (EPL). Such coverages shall extend for a period of at least five (5) years from the Closing Date, shall have the same coverages and deductibles currently in effect, and shall

otherwise be in form reasonably acceptable to Buyer. A certificate of insurance evidencing each such coverage shall be delivered to Buyer at or prior to Closing.

Section 6.10 ***Release.*** The Shareholders each agree on the Closing Date to execute and deliver the Release.

Section 6.11 ***Pledge Agreement***. The parties agree on the Closing Date to enter into the Pledge Agreement.

Section 6.12 ***Shareholder Employment Agreements.*** Buyer and each of the Shareholders agree on the Closing Date to enter into the respective Shareholder Employment Agreements.

Section 6.13 ***Confidentiality.*** The parties agree to maintain the existence of this transaction and the terms hereof in confidence, until the earliest of the following circumstances occurs: (a) the parties mutually agree to release such information to the public; (b) Buyer reasonably concludes that such disclosure is required by law; or (c) the Closing has occurred and ownership of the Company Shares has passed to Buyer.

Section 6.14 ***Preparation of Tax Return.*** The Shareholders recognize that a year-to-date income tax return must be prepared and filed for the Company as a result of this transaction and that the Shareholders are primarily responsible for preparing this return. The Shareholders therefore agree to prepare this return promptly after the Closing, at their expense, and deliver it to the Company to review and file. Buyer and the Company shall be solely responsible for any changes they make to the return prepared by the Shareholders and shall indemnify and hold Shareholders harmless of and from any and all additional federal or state tax liability, associated penalties or interest resulting directly or indirectly from such changes and any attorneys' fees or accounting fees of Shareholders related to such federal or state tax liability or interest unless any such changes were due to any fraud, misrepresentation or omission in the original tax return prepared by Shareholder.

Article 7

Conditions

Section 7.1 ***Conditions to Each Party's Obligation.*** The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction prior to or on the Closing Date of the following conditions:

(a) *Approvals.* All authorizations, consents, orders, or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity, the failure to obtain which would have a material adverse effect on the Company, shall have been filed, occurred, or been obtained.

(b) *No Injunctions or Restraints.* No temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transaction shall be in effect.

Section 7.2 ***Conditions to Obligations of Buyer.*** The obligation of Buyer to effect the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions, unless waived by Buyer:

(a) *Representations and Warranties.* The representations and warranties of the Shareholders set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by the Shareholders.* The Shareholders shall have performed all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(c) *Due Diligence*. Buyer shall be satisfied, in its sole discretion, with the results of its due diligence investigation of the Company.

(d) *Opinion of the Shareholders' Counsel*. The Shareholders shall have delivered to Buyer a written opinion of counsel dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyer.

(e) *Pledge Agreement.* The Shareholders shall have executed and delivered to Buyer the Pledge Agreement.

(f) *Release.* Each Shareholder shall have executed and delivered to Buyer the Release.

(g) *Employment Agreements.* Each Shareholder and each Company employee that Buyer wishes to hire shall have executed and delivered to Buyer a Shareholder Employment Agreement or Buyer's standard employment agreement, as the case may be.

(h) *E&O and EPL Tail Coverage*. The Shareholders shall have delivered or caused to be delivered to Buyer a Certificate of Insurance evidencing the Company's E&O and EPL tail policy coverage required under **Section 6.9**.

(i) *Adverse Changes*. There shall have been no material adverse change to the business or financial condition of the Company since the Balance Sheet Date.

(j) *Board Approval.* Buyer's Board of Directors shall have approved this transaction and the issuance of the Buyer Shares to the Shareholders.

(k) *Tangible Net Worth.* Buyer shall be satisfied that the Company has a Tangible Net Worth (as defined below), as of the Closing Date, of at least ten percent (10%) of the Company's Core Revenue (defined below) for the twelve (12) month period ending as of the Closing Date.

As defined herein:

(i) the term "Tangible Net Worth" means the difference of the Company's (1) total assets minus (2) those assets identified as "Intangibles" on the Company's balance sheet as of the Closing Date, minus (3) total liabilities, determined pursuant to the Company's balance sheet as of the Closing Date, as determined by Buyer's standard audit procedures and after appropriate reductions including, but not limited to, the cost of purchasing the E&O and EPL tail coverage policy required under **Section 6.9** hereof**,** and all distributions to the Shareholders, and the write-off of all accounts receivables aged over fifty-nine (59) days as of the Closing Date (the "Aged Accounts Receivable"); and

(ii) the term "Core Revenue" means the Company's commission revenue net of any commissions paid to any third party producing agent or agency, or to any third party broker, but shall not include contingent commissions, override commissions, first year life insurance commissions or any income item (such as interest and countersignature fees) other than earned commissions and fees earned in lieu of commissions. Revenues generated from any one account shall not be included more than once in any twelve-month period in determining Core Revenue for such period. Core Revenue will be determined in accordance with generally accepted accounting principles. Specifically, direct bill revenue is recognized when received (cash basis) and agency bill revenue is recognized on the later of the effective date of the policy installment or the date the installment is billed to the customer.

(l) *Appointment by Insurance Carriers.* Buyer shall be satisfied that the Acquired Companies' insurance carriers are willing to appoint Buyer as their agent as of the Closing Date.

(m) *Termination of Employee Benefit Plans.* Buyer shall have received copies of duly adopted resolutions of the Company's Board of Directors satisfactory to Buyer in its sole discretion (i) terminating the Company's Employee Benefits Plans (other than Employee Welfare Benefit Plans), with such termination effective prior to the Closing Date, (ii) providing that no contributions shall be made to the Company's 401(k) Plan after such date, and (iii) directing the Company's legal counsel to apply for a determination letter from the Internal Revenue Service with respect to the termination of the 401(k) Plan and to submit a Notice of Intent to Terminate to all participants and beneficiaries under 401(k) Plan.

(n) *Accounting and Tax Treatment; Securities Exemption*. Buyer shall be satisfied that its acquisition of the Company Shares and related issuance of the Buyer Shares shall qualify (i) for treatment for accounting purposes as a pooling-of-interests transaction and (ii) for an exemption from registration under federal and state securities laws.

(o) *No Liens or Encumbrances.* All liens, judgments, and other encumbrances on the Company Shares or any of the Company's assets shall have been satisfied and released prior to Closing.

Section 7.3 ***Conditions to Obligation of the Shareholders.*** The obligations of the Shareholders to effect the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions, unless waived by the Shareholders:

(a) *Representations and Warranties.* The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by Buyer.* Buyer shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

(c) *Opinion of Buyer's Counsel*. Buyer's Assistant General Counsel shall have delivered to the Shareholders a written opinion dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to the Shareholders.

(d) *Bill of Sale and Assignment.* The Company shall have executed and delivered to Shareholder a Bill of Sale and Assignment with regard to the Aged Accounts Receivable.

Article 8

Indemnification

Section 8.1 ***Survival of Representations, Warranties, Indemnities and Covenants.*** The representations, warranties and indemnities set forth in this Agreement and any right to bring an action at law, in equity, or otherwise for any misrepresentation or breach of warranty under this Agreement shall survive for a period of one (1) year from the Closing Date. All post-closing covenants shall survive the Closing for the period specified in this Agreement or, if not specified, for a period of one (1) year following the Closing Date.

Section 8.2 ***Indemnification Provisions for the Benefit of Buyer***. (a) The Shareholders, jointly and severally, agree to indemnify and hold Buyer, the Company and their respective officers, directors and affiliates harmless from and against any and all Adverse Consequences (as defined below) that any of such parties may suffer or incur resulting from, arising out of, relating to, or caused by (i) the breach of any of the Shareholders' representations, warranties, obligations or covenants contained herein, or (ii) the operation of the Company's insurance agency business or ownership of the Company Shares by the Shareholders on or prior to the Closing

Date, including, without limitation, any claims or lawsuits based on conduct of the Company, its employees or the Shareholders (to the extent such Adverse Consequences are not fully covered and actually paid pursuant to the Company's applicable employee dishonesty bonds) occurring before the Closing. For purposes of this **Article 8**, the phrase "Adverse Consequences" means all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations, injunctions, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), obligations, taxes, liens, losses, expenses, and fees, including all attorneys' fees and court costs. For purposes of this **Section 8.2**, "Adverse Consequences" also specifically includes any Adverse Consequences attributable to any deductible(s) due and payable under the Company's E&O and EPL tail policies which the Shareholders agree to purchase pursuant to **Section 6.9** hereof.

(b) In addition to and without limiting the foregoing, the Shareholders agree, from and after the Closing, to indemnify Buyer from and against the entirety of any Adverse Consequences Buyer may suffer resulting from, arising out of, relating to, in the nature of, or caused by any liability of the Company for the unpaid taxes of any person or entity (including Shareholder) under United States Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

Section 8.3 ***Indemnification Provisions for the Benefit of the Shareholders***. Buyer agrees to indemnify and hold the Shareholders harmless from and against any and all Adverse Consequences the Shareholders may suffer or incur resulting from, arising out of, relating to, or caused by (a) the breach of any of Buyer's representations, warranties, obligations or covenants contained herein, or (b) the operation of the insurance agency business of the Company or ownership of the Company Shares by Buyer after the Closing Date, including, without limitation, any claims or lawsuits based on conduct of Buyer or the Company occurring after the Closing.

Article 9

[INTENTIONALLY OMMITTED]

Article 10

Miscellaneous

Section 10.1 ***Notices.*** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (if confirmed), or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses or at such other address for a party as shall be specified by like notice:

(a) If to Buyer, to

Brown & Brown, Inc.
401 E. Jackson Street, Suite 1700
Tampa, Florida 33602
Telecopy No.: (813) 222-4464
Attn: Laurel L. Grammig, Esq.

(b) if to the Shareholders, to

John P. Connelly
630 Chestnut Street
Clearwater, Florida 33757; and

Kevin C. Connelly
630 Chestnut Street
Clearwater, Florida 33757

with a copy to

Richards, Gilkey, Fite, Slaughter, Pratesi & Ward, P.A.
Richards Building
1253 Park Street
Clearwater, Florida 33756
Telecopy No.: (727)447-8830
Attn: R. Carlton Ward, Esquire

Section 10.2 ***Use of Term "Knowledge".*** With respect to the term "Knowledge" as used herein: (a) an individual will be deemed to have "Knowledge" of a particular fact or other matter if (i) such individual is actually aware of such fact or other matter, or (b) a prudent individual could be expected to discover or otherwise become of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or matter; and (b) a corporation or other business entity will be deemed to have "Knowledge" of a particular fact or other matter if any individual who is serving, who has at any time

in the twelve (12) months prior to the Closing Date served, as a director, officer, employee, executor, or trustee (or in any similar capacity) of such corporation or business entity has, or at any time had, Knowledge of such fact or other matter.

Section 10.3 ***Counterparts.*** This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 10.4 ***Entire Agreement.*** This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

Section 10.5 ***Assignment.*** Except as contemplated in **Section 6.8** hereof, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. This Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and assigns.

Section 10.6 ***Amendment.*** This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties hereto.

Section 10.7 ***Joint Efforts***. This Agreement is the result of the joint efforts and negotiations of the parties hereto, with each party being represented, or having the opportunity to be represented, by legal counsel of its own choice, and no singular party is the author or drafter of the provisions hereof. Each of the parties assumes joint responsibility for the form and composition of this Agreement and each party agrees that this Agreement shall be interpreted as though each of the parties participated equally in the composition of this Agreement and each and every provision and part hereof. The parties agree that the rule of judicial interpretation to the effect that any ambiguity or uncertainty contained in an agreement is to be construed against the party that drafted the agreement shall not be applied in the event of any disagreement or dispute arising out of this Agreement.

Section 10.8 ***Headings***. All paragraph headings herein are inserted for convenience of reference only and shall not modify or affect the construction or interpretation of any provision of this Agreement.

Section 10.9 ***Severability***. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be illegal, invalid or unenforceable, either in whole or in part, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions or covenants, or any part thereof, all of which shall remain in full force and effect.

Section 10.10 ***Attorneys' Fees***. The prevailing party in any proceeding brought to enforce the provisions of this Agreement shall be entitled to an award of reasonable attorneys' fees and costs incurred at both the trial and appellate levels incurred in enforcing its rights hereunder.

Section 10.11 ***Governing Law.*** This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida without regard to conflicts of laws principles thereof.

*** * * * * * * * * ***

[Remainder of Page Intentionally Left Blank - Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed or caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

BUYER:

BROWN & BROWN, INC.

By: /S/ C. ROY BRIDGES
Name: C. Roy Bridges
Title: Regional Executive Vice President

SHAREHOLDERS:

/S/ JOHN P. CONNELLY
John P. Connelly, individually

/S/ KEVIN J. CONNELLY
Kevin J. Connelly, individually

SCHEDULES AND EXHIBITS

Schedule 3.9(a):	Book of Business
Schedule 3.11:	Litigation and Claims
Schedule 3.14:	Material Contracts
Schedule 3.16:	Insurance Policies
Schedule 3.18:	Employee Dishonesty Bonds
Schedule 3.20:	Employee Benefit Plans
Schedule 3.21(c):	Owned Intellectual Property
Schedule 3.21(d):	Licensed Intellectual Property

Exhibit 2.2(a)(ii):	Release
Exhibit 2.2(a)(iii):	Pledge Agreement
Exhibit 2.2(a)(iv):	Opinion of the Shareholders' Counsel
Exhibit 2.2(a)(v):	Shareholder Employment Agreement
Exhibit 2.2(b)(ii):	Opinion of Buyer's Counsel

EXHIBIT 10.6

STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT,** dated as of August 1, 2001 (this "Agreement"), is made and entered into by and between **BROWN & Brown, Inc.**, a Florida corporation ("Buyer"), and **Donald J. Volpe**, a resident of the State of Florida ("Shareholder").

Background

The Shareholder owns all of the outstanding capital stock of The Benefit Group, Inc., a Florida corporation (the "Company"). The Company is engaged primarily in the insurance agency business in St. Petersburg, Florida. The Shareholder wishes to sell all of the outstanding shares of the Company to Buyer, and Buyer desires to acquire such shares, upon the terms and conditions expressed in this Agreement. It is the intent of the parties hereto that the transactions contemplated in this Agreement be treated as a pooling-of-interests transaction for accounting purposes and as a tax-free reorganization as described in Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

THEREFORE, in consideration of the respective representations, warranties, covenants and agreements set forth herein, the sufficiency of which is hereby acknowledged, the parties agree as follow:

Article 1

The Acquisition

Section 1.1 ***Purchase and Sale of Shares***. On and subject to the terms and conditions of this Agreement, Buyer agrees to purchase 100 shares of common stock of the Company, no par value per share (the "Company Shares"), from the Shareholder and the Shareholder agrees to sell all of the Company Shares to Buyer, free and clear of all liens and encumbrances. The Company Shares constitute all of the issued and outstanding shares of capital stock of the Company. The Company Shares shall be sold to Buyer for the consideration specified in **Section 1.2**.

Section 1.2 ***Consideration***. The consideration for the Company Shares shall be the issuance of shares of common stock of Buyer to the Shareholder. The number of shares of common stock of Buyer to be issued to the Shareholder (the "Buyer Shares") shall be 59,854, which is equal to (a) Two Million Seven Hundred Thirty Three Thousand Five Hundred Nineteen Dollars and No/100 ($2,733,519.00) which the parties agree is equal to $2,750,000.00 minus $16,481, the amount by which the Company's Tangible Net Worth (as defined in **Section 7.2 (k)(i)**) is less than ten percent (10%) of the Company's Core Revenue (as defined in **Section 7.2(k)(ii)**) for the twelve (12)-month period ending as of the Closing Date, divided by (b) $45.67, the average closing price for a share of common stock of Buyer, as reported on the New York Stock Exchange, in the twenty (20) day period ending at the close of business on the third business day in advance of the Closing Date (as defined in **Section 2.1** hereof) (the "Average Price").

Section 1.3 ***Delivery of Buyer Shares*.** (a) The Buyer Shares shall be issued to the Shareholder, in each case rounded up or down to the nearest whole share, as follows:

(i) 5,985 shares, which equals ten percent (10%) of the Buyer Shares, shall be pledged to Buyer as partial security for the indemnification obligations of the Shareholder under **Article 8** hereof (the "Pledged Shares"). These Pledged Shares, subject to any reduction in number as may be necessary to satisfy the Shareholder's indemnification obligations, shall be delivered to the Shareholder one (1) year after the Closing Date, in accordance with the terms of the Pledge Agreement attached hereto as Exhibit 2.2(a)(iii).

(ii) 53,869, representing the remainder of the Buyer Shares shall be delivered to the Shareholder at the Closing (as defined in **Section 2.1** hereof).

(b) The parties agree that the dollar value of each Buyer Share shall be the Average Price for all purposes in determining (i) the number of Buyer Shares to be issued under **Section 1.2** hereof, (ii) the number of Buyer Shares to be pledged under this **Section 1.3**, or (iii) the number of Pledged Shares Buyer may withhold to satisfy an indemnifiable claim, notwithstanding the actual market value of such shares (in each case with respect to clauses **(i)**, **(ii)** or **(iii)**, as adjusted for any stock splits or stock dividends).

Section 1.4 ***Accounting and Tax Treatment***. The parties agree (a) to structure this transaction as a tax-free exchange, and (b), as more fully described in **Section 6.6** of this Agreement, to treat this transaction for accounting purposes as a pooling-of-interests transaction and to take all actions necessary to characterize the transaction as such.

Section 1.5 ***"Piggy Back" Registration Rights for Buyer Shares.*** The Shareholder shall have the rights and obligations set forth in the Registration Rights Addendum attached hereto with respect to the "piggy back" registration of the Buyer Shares for sale and other matters addressed therein.

Article 2

Closing, Items to be Delivered,

Further Assurances, and Effective Date

Section 2.1 ***Closing.*** The consummation of the purchase and sale under this Agreement (the "Closing") will take place at 9 a.m., local time, on August 1, 2001 (the "Closing Date"), at the Buyer's office located at 401 E. Jackson Street, Suite 1700, Tampa, Florida unless another date or place is agreed to in writing by the parties hereto.

Section 2.2 ***Closing Obligations.*** At the Closing:

(a) The Shareholder will deliver to Buyer:

(i) certificates representing the Company Shares to Buyer, with executed and notarized stock powers attached, for transfer to Buyer;

(ii) a release in the form of Exhibit 2.2(a)(ii), executed by the Shareholder (the "Release");

(iii) a pledge agreement in the form of Exhibit 2.2(a)(iii), executed by the Shareholder (the "Pledge Agreement"), along with executed stock powers with signatures guaranteed by a commercial bank or by a member firm of the New York Stock Exchange;

(iv) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyer (the "Opinion of Shareholder's Counsel");

(v) an employment agreement in the form of Exhibit 2.2(a)(v), executed by the Shareholder (the "Shareholder Employment Agreement");

(vi) duly executed resolution of Company's Board of Directors evidencing to Buyers' satisfaction that Company has terminated all of its Employee Benefits Plans (except Company's Employee Welfare Benefit Plans, as defined in **Section 3.20(b)** hereof), with such termination effective prior to the Closing Date, with directions to Company's legal counsel to apply for a determination letter from the Internal Revenue Service with respect to the termination of all of its Employee Welfare Benefit Plans effective immediately following Closing and the Shareholder shall also deliver a form Notice of Intent to Terminate, satisfactory to Buyers, regarding the termination of Company's Employee Benefit Plans, which Notice shall be delivered to all participants and beneficiaries under Company's Employee Benefit Plans promptly after Closing; and

(b) Buyer shall deliver to the Shareholder:

(i) certificates representing the number of Buyer Shares to be issued to the Shareholder at the Closing pursuant to **Section 1.3(a)** hereof;

(ii) written opinion of counsel dated as of the Closing Date in substantially the form of Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyer (the "Opinion of Buyer's Counsel"); and

(iii) the Shareholder Employment Agreement, executed by Buyer.

Section 2.3 ***Mutual Performance.*** At or prior to the Closing, the parties hereto shall also deliver to each other the agreements, certificates, and other documents and instruments referred to in **Articles 6** and **7** hereof.

Section 2.4 ***Third Party Consents.*** To the extent that the Company Shares may not be transferred to Buyer hereunder without the consent of another person which has not been obtained, this Agreement shall not constitute an agreement to transfer the same if an attempted transfer would constitute a breach thereof or be unlawful, and the Shareholder, at his expense, shall use his best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted transfer would be ineffective or would impair Buyer's rights so that Buyer would not in effect acquire the benefit of all such rights, the Shareholder, to the maximum extent permitted by law, shall act after the Closing as Buyer's agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by law, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer.

Section 2.5 ***Further Assurances.*** From time to time after the Closing, at Buyer's request, the Shareholder will execute, acknowledge and deliver to Buyer such other instruments of conveyance and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Buyer may reasonably request in order to vest more effectively in Buyer, or to put Buyer more fully in possession of, the Company Shares. Each of the parties hereto will cooperate with the others and execute and deliver to the other parties such other instruments and documents and take such other actions as may be reasonably requested from time to time by such other party as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

Section 2.6 ***Effective Date***. The Effective Date of this Agreement and all related instruments executed at the Closing shall be the Closing Date.

Article 3

Representations and Warranties of the Shareholder

The Shareholder represent and warrant to Buyer as follows:

Section 3.1 ***Organization.*** The Company is a corporation organized and in good standing under the laws of the State of Florida and its status is active. The Company has all requisite corporate power and authority and all necessary governmental approvals to own, lease, and operate its properties and to carry on its business as now being conducted. The Company is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the conduct of its insurance agency business requires it to be so qualified.

Section 3.2 ***Authority.*** The Shareholder has the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Shareholder and constitutes his valid and binding obligation, enforceable against him in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws from time to time in effect relating to or affecting the enforcement of creditors' rights generally and general equitable principles.

Section 3.3 ***Capitalization.*** The Company Shares constitute all of the issued and outstanding shares of capital stock of the Company. All of the Company Shares have been duly issued and are fully paid and nonassessable. All of the Company Shares are owned and held by the Shareholder, free and clear of all liens, encumbrances or other third-party rights of any kind whatsoever. There are no outstanding agreements, options, rights or privileges, whether preemptive or contractual, to acquire shares of capital stock or other securities of the Company.

Section 3.4 ***Corporate Records***. The Shareholder has delivered to Buyer correct and complete copies of the Articles of Incorporation and Bylaws of the Company, each as amended to date. The minute books containing the records of meetings of the shareholders, board of directors, and any committees of the board of directors, the stock certificate books, and the stock record books of the Company are correct and complete and have been made available for inspection by Buyer. The Company is not in default under or in violation of any provision of its Articles of Incorporation or Bylaws.

Section 3.5 ***Consents and Approvals; No Violations.*** Neither the execution, delivery or performance of this Agreement by the Shareholder nor the consummation by them of the transactions contemplated hereby nor compliance by them with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of the Company, (b) require any filing with, or permit, authorization, consent, or approval of, any court, arbitral tribunal, administrative agency or commission, or other governmental or regulatory authority or agency (each a "Governmental Entity"), (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions, or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which the Shareholder or the Company is a party or by which the Shareholder or the Company or any of their respective properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Shareholder or the Company, or any of their respective properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect on the Company or Buyer's ownership of the Company Shares.

Section 3.6 ***No Third Party Options.*** There are no existing agreements, options, commitments, or rights with, of or to any person to acquire any of the Company's assets, properties or rights, or any interests therein.

Section 3.7 ***Financial Statements.*** The Shareholder has delivered to Buyer true and complete copies of (a) the Company's balance sheet as of December 31, 2000 and the related statement of income for the twelve (12) months then ended**,** and (b) the Company's balance sheet at June 30, 2001 (the "Balance Sheet Date"), and the related statement of income for the six (6) months then ended, all such financial statements were prepared internally by the Company and have not been externally reviewed or audited, but were prepared in accordance with the Company's standard accounting principles, consistently applied throughout the periods involved. Such balance sheets fairly present the financial position, assets and liabilities (whether accrued, absolute, contingent or otherwise) of the Company at the dates indicated and such statements of income fairly present the results of operations for the periods then ended. The Company's financial books and records are accurate and complete in all material respects.

Section 3.8 ***Absence of Certain Changes.*** Since the Balance Sheet Date, there have been no events or changes having a material adverse effect on the assets, liabilities, financial condition or operations of the Company or, to the Shareholder's or the Company's Knowledge (as defined in **Section 10.2** of this Agreement), on the future prospects of the Company. Since the Balance Sheet Date, the Company has not made any distributions or payments to shareholders (other than normal compensation that may have been paid to the Shareholder in their capacity as bona fide employees, advance payments of professional fees, shareholder distributions, accrued liabilities, recording direct bill commissions and corresponding producer commission payables, and normal recurring Subchapter S corporation shareholder distributions, and has not entered into any agreements other than in the ordinary course of business. Since the Balance Sheet Date, the Company has carried on business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and has not taken any unusual actions in contemplation of this transaction except to the extent that Buyer has given its prior specific consent.

Section 3.9 ***Assets.*** (a) The Company owns and holds, free and clear of any lien, charge, pledge, security interest, restriction, encumbrance or third-party interests of any kind whatsoever (including insurance company payables), sole and exclusive right, title, and interests in and to the customer expiration records for those customers listed in Schedule 3.9(a), together with the exclusive right to use such records and all customer accounts, copies of insurance policies and contracts in force, and all files, invoices and records pertaining to the customers, their contracts and insurance policies, and all related information. All customer

accounts listed in Schedule 3.9(a) represent current customers of the Company and none of such accounts has been cancelled or transferred as of the date hereof. None of the accounts shown in Schedule 3.9(a) represents business that has been brokered through a third party.

(b) The name "The Benefit Group" is the only trade name used by the Company within the past three (3) years. No party has filed a claim during the past three (3) years against the Company alleging that it has violated, infringed on or otherwise improperly used the intellectual property rights of such party, or, if so, the claim has been settled with no existing liability to the Company and, to the Knowledge of the Shareholder or the Company, the Company has not violated or infringed any trademark, trade name, service mark, service name, patent, copyright or trade secret held by others.

(c) The computer software of the Company performs in accordance with the documentation and other written material used in connection therewith, is substantially free of defects in programming and operation. The Shareholder has made available to Buyer for review and copying complete and correct copies of all available user and technical documentation related to such software.

(d) The Company owns or leases all tangible assets necessary for the conduct of its business. All equipment, inventory, furniture and other assets owned or used by the Company in its business are in a state of good repair and maintenance, having regard for the purposes of which they are used, and the purposes for which such assets are used and for which they are held by the Company are not in violation of any statute, regulation, covenant or restriction. The Company owns or leases all office furniture, fixtures and equipment in its office located at 111 Second Avenue N.E., Plaza Tower, Suite 810, St. Petersburg, Florida 33701, except for those items listed on Schedule 3.9(d) which are the personal property of the Shareholder.

(e) All notes and accounts receivables of the Company are reflected properly on its books and records, are valid receivables subject to no set-offs or counterclaims either asserted to date or of which the Shareholder or the Company has Knowledge, are presently current and collectible, and will be collected in accordance with their terms at their recorded amounts. All of the Company's accounts payable, including accounts payable to insurance carriers, are current and reflected properly on its books and records, and will be paid in accordance with their terms at their recorded amounts.

Section 3.10 ***Undisclosed Liabilities***. The Company has no liabilities, and there is no basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand against the Company giving rise to any liability, except (a) those liabilities reflected in the June 30, 2001 (the "Balance Sheet Date") balance sheet of the Company, and (b) liabilities which have arisen after the Balance Sheet Date in the ordinary course of business (none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of law, or arose from any charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand). The Company has not guaranteed the obligations of any third party, including, without limitation, guarantees relating to premium financing on behalf of its customers.

Section 3.11 ***Litigation and Claims***. Except as disclosed in Schedule 3.11, there is no suit, claim, action, proceeding or investigation pending or threatened against the Company, and there is no basis for such a suit, claim, action, proceeding or investigation. The Company is not subject to any outstanding order, writ, injunction or decree which, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have an adverse effect on the Company or would prevent the Shareholder from consummating the transactions contemplated hereby. No voluntary or involuntary petition in bankruptcy, receivership, insolvency, or reorganization with respect to the Shareholder or the Company has been filed by or, to the Knowledge of the Shareholder or the Company, against the Shareholder or the Company, nor will the Shareholder or the Company file such a petition prior to the Closing Date or for one hundred (100) days thereafter, and if such petition is filed by others, the same will be promptly discharged. Shareholder is solvent on the date hereof and will be solvent on the Closing Date. Neither the Shareholder nor the Company has, and at the Closing Date will not have, made any assignment for the benefit of creditors, or admitted in writing insolvency or that its property at fair valuation will not be sufficient to pay its debts, nor will the Shareholder permit any judgment, execution, attachment, or levy against them or their properties to remain outstanding or unsatisfied for more than ten (10) days.

Section 3.12 ***Compliance with Applicable Law.*** The Company holds all permits, licenses, variances, exemptions, orders, and approvals of all Governmental Entities necessary for the lawful conduct of its business (collectively, the "Permits"). The Company is in compliance with the terms of the Permits, except where the failure to comply would not have an adverse effect. The Company is not conducting business in violation of any law, ordinance or regulation of any Governmental Entity (including, without limitation, the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 ("Gramm-Leach-Bliley") and any applicable federal or state regulations promulgated pursuant thereto), except for possible violations that individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not, have an adverse effect on its business; provided, however, that such representation as to compliance with Gramm-Leach-Bliley is based upon the Company's compliance with the Florida Association of Independent Agent's published interpretation of the Florida Department of Insurance's position regarding insurance agency compliance with Gramm-Leach-Bliley. As of the date of this Agreement, no investigation or review by any Governmental Entity with respect to the Company is pending or, to the Knowledge of the Shareholder or the Company, threatened, nor has any Governmental Entity indicated an intention to conduct the same.

Section 3.13 ***Tax Returns and Audits.*** The Company has timely filed all federal, state, local and foreign tax returns, including all amended returns, in each jurisdiction where the Company is required to do so or has paid or made provision for the payment of any penalty or interests arising from the late filing of any such return, has correctly reflected all taxes required to be shown thereon, and has fully paid or made adequate provision for the payment of all taxes that have been incurred or are due and payable pursuant to such returns or pursuant to any assessment with respect to taxes in such jurisdictions, whether or not in connection with such returns. The Company is not currently subject to any audits with respect to any federal, state, local or foreign tax returns required to be filed and there are no unresolved audit issues with respect to prior years' tax returns. There are no circumstances or pending questions relating to potential tax liabilities nor claims asserted for taxes or assessments of the Company that, if adversely

determined, could result in a tax liability for any period prior to, including, or beginning after the Closing Date or on the Company's practices in computing or reporting taxes. The Company has not executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect. The Company is not holding any unclaimed property that it is required to surrender to any state taxing authority including, without limitation, any uncashed checks or unclaimed wages, and the Company has timely filed all unclaimed property reports required to be filed with such state taxing authorities. The Company does not purge its records of uncashed checks periodically.

Section 3.14 ***Contracts.*** (a) Schedule 3.14 lists all material contracts, agreements and other written arrangements to which the Company is a party, including, without limitation, the following:

(i) any written arrangement (or group of written arrangements) for the furnishing or receipt of services that calls for performance over a period of more than one (1) year;

(ii) any written arrangement concerning a partnership or joint venture;

(iii) any written arrangement (or group of written arrangements) under which the Company has created, incurred or assumed or may create, incur or assume indebtedness (including capitalized lease obligations) involving more than $10,000.00 or under which it has imposed (or may impose) a security interest on any of its assets, tangible or intangible;

(iv) any employment agreement;

(v) any written arrangement concerning confidentiality or non-competition;

(vi) any written arrangement involving the Company and its present or former affiliates, officers, directors or shareholders;

(vii) any written arrangement under which the consequences of a default or termination could have a material adverse effect on the assets, liabilities, business, financial condition, operations or future prospects of the Company; or

(viii) any other written arrangement (or group of related arrangements) either involving more than $10,000.00 or not entered into in the ordinary course of business.

(b) The Company is not a party to any verbal contract, agreement or other arrangement which, if reduced to written form, would be required to be listed in Schedule 3.15. The Shareholder has delivered to Buyer a correct and complete copy of each written arrangement, as amended to date, listed in Schedule 3.14. Each such contract, agreement and written arrangement is valid and enforceable in accordance with its terms, and no party is in default under any provision thereof.

Section 3.15 ***Non-Solicitation Covenants.*** The Company is not a party to any agreement that restricts its ability to compete in the insurance agency industry or solicit specific insurance accounts.

Section 3.16 ***Insurance Policies.*** Schedule 3.16 sets forth a complete and correct list of all insurance policies held by the Company with respect to its business, and true and complete copies of such policies have been delivered to Buyer. The Company has complied with all the provisions of such policies and the policies are in full force and effect.

Section 3.17 ***Errors and Omissions.*** The Company has not incurred any liability or taken or failed to take any action that may reasonably be expected to result in a liability for errors or omissions in the conduct of its insurance business. All errors and omissions (E&O) lawsuits and claims currently pending or threatened against the Company are set forth in Schedule 3.11. The Company has E&O insurance coverage in force, with minimum liability limits of $1 million per claim and $1 million aggregate, with a deductible of $1,000, and the Shareholder will provide to Buyer a certificate of insurance evidencing such coverage prior to or on the Closing Date. The Company has had the same or higher levels of E&O coverage continuously in effect for at least the past five (5) years.

Section 3.18 ***Employee Dishonesty Coverage***. Schedule 3.18 sets forth a complete and correct list of all employee dishonesty bonds or policies, if any, including the respective limits thereof, held by the Company in the three (3) year period prior to the Closing Date, and true and complete copies of such bonds or policies have been delivered to Buyer. The Company has complied with all the provisions of such bonds or policies and the Company has an employee dishonesty bond or policy in full force and effect as of the Closing Date.

Section 3.19 ***Employees.*** Except as disclosed in Schedule 3.14, all employees of the Company are employees at will, and the Company is not a party to any written contract of employment. None of the Company's employees is currently being treated for a major medical condition.

Section 3.20 ***Employee Benefit Plans***. Schedule 3.20 lists each Employee Benefit Plan (as defined below) that the Company or any trade or business, whether or not incorporated, that together with the Company would be deemed a "single employer" within the meaning of Section 4001 of ERISA (as defined below) (a "Company ERISA Affiliate") maintains or to which the Company or any Company ERISA Affiliate contributes.

(a) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) complies in form and in operation in all respects with the applicable requirements of ERISA, the Code, and other applicable laws. No such Employee Benefit Plan is under audit by the Internal Revenue Service or the Department of Labor.

(b) All required reports and descriptions (including Form 5500 Annual Reports, Summary Annual Reports, PBGC-1s, and summary plan descriptions) have been filed or distributed appropriately with respect to each such Employee Benefit Plan. The requirements of Part 6 of Subtitle B of Title I of ERISA and of Code Section 4980B have been met with respect to each such Employee Benefit Plan that is an "Employee Welfare Benefit Plan" as such term is defined in ERISA Section 3(1).

(c) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been paid to each such Employee Benefit Plan that is an "Employee Pension Benefit Plan" as such term is defined in ERISA Section 3(2), and all contributions for any period ending on or before the Closing Date that are not yet due have been paid to each such Employee Pension Benefit Plan or accrued in accordance with the past custom and practice of the Company. All premiums or other payments for all periods ending on or before the Closing Date have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(d) Each such Employee Benefit Plan that is an Employee Pension Benefit Plan meets the requirements of a "qualified plan" under Code Section 401(a) and has received, within the last two (2) years, a favorable determination letter from the Internal Revenue Service.

(e) The market value of assets under each such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any "Multiemployer Plan" as such term is defined in ERISA Section 3(37)) equals or exceeds the present value of all vested and nonvested liabilities thereunder determined in accordance with Pension Benefit Guaranty Corporation ("PBGC") methods, factors, and assumptions applicable to an Employee Pension Benefit Plan terminating on the date for determination.

(f) The Company has delivered (or no later than five (5) days prior to the Closing Date shall deliver) to Buyer correct and complete copies of the plan documents and summary plan descriptions, the most recent Form 5500 Annual Report, and all related trust agreements, insurance contracts, and other funding agreements that implement each such Employee Benefit Plan.

(g) With respect to each Employee Benefit Plan that the Company or any Company ERISA Affiliate maintains or ever has maintained or to which it contributes, ever has contributed, or ever has been required to contribute:

(i) No such Employee Benefit Plan that is an Employee Pension Benefit Plan (other than any Multiemployer Plan) has been completely or partially terminated or been the subject of a "Reportable Event" (as such term is defined in ERISA Section 4043) as to which notices would be required to be filed with the PBGC. No proceeding by the PBGC to terminate any such Employee Pension Benefit Plan (other than any Multiemployer Plan) has been instituted or, to the Knowledge of the Shareholder or the Company, threatened.

(ii) There have been no "Prohibited Transactions" as defined in ERISA Section 406 and Code Section 4975 with respect to any such Employee Benefit Plan. No "Fiduciary" as defined in ERISA Section 3(21) has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan. No action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of the Shareholder or the Company, threatened. Neither the Shareholder or the directors and officers (and employees with responsibility for employee benefits matters) of the Company has any Knowledge of any basis for any such action, suit, proceeding, hearing, or investigation.

(iii) The Company has not incurred, and none of the Company, the Shareholder and the directors and officers (and employees with responsibility for employee benefits matters) of the Company has any reason to expect that the Company shall incur, any liability to the PBGC (other than PBGC premium payments) or otherwise under Title IV of ERISA (including any withdrawal liability) or under the Code with respect to any such Employee Benefit Plan that is an Employee Pension Benefit Plan.

(iv) Neither the Company nor any Company ERISA Affiliate contributes to, nor has ever been required to contribute to, any Multiemployer Plan or has any liability (including withdrawal liability) under any Multiemployer Plan.

(v) Neither the Company nor any Company ERISA Affiliate maintains or contributes, nor has ever maintained or contributed, or has ever been required to contribute to any Employee Welfare Benefit Plan providing medical, health, or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses, or their dependents (other than in accordance with Code Section 4980B).

As used in this Agreement, the term "Employee Benefit Plan" means any (a) nonqualified deferred compensation or retirement plan or arrangement that is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement that is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program.

Section 3.21 ***Intellectual Property***.

(a) The Company owns or has the right to use pursuant to license, sublicense, agreement, or permission all Intellectual Property (as defined below) necessary or desirable for the operation of the businesses of the Company as presently conducted and as presently proposed to be conducted. Each item of Intellectual Property owned or used by The Company immediately prior to the Closing hereunder shall be owned or available for use by Buyer on identical terms and conditions immediately subsequent to the Closing hereunder. The Company has taken all necessary and desirable action to maintain and protect each item of Intellectual Property that it owns or uses.

(b) The Company has not interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and none of the Shareholder and the directors and officers (and employees with responsibility for Intellectual Property matters) of the Company has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that the Company must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Shareholder or the Company, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of the Company.

(c) The Company has no patents issued in its name, or patent applications filed or pending. Schedule 3.21(c) identifies each license, agreement, or other permission that the Company has granted to any third party with respect to any of its Intellectual Property (together with any exceptions). The Company has delivered to Buyer correct and complete copies of all such registrations, applications, licenses, agreements, and permissions (as amended to date) and has made available to Buyer correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Schedule 3.21(c) also identifies each trade name and registered or unregistered trademark or service mark used by the Company. With respect to each item of Intellectual Property required to be identified in Schedule 3.21(c):

(i) The Company possesses all right, title, and interest in and to the item, free and clear of any security interest, license, or other restriction;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened that challenges the legality, validity, enforceability, use, or ownership of the item; and

(iv) The Company has never agreed to indemnify any person or entity for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(d) Schedule 3.21(d) identifies each item of Intellectual Property that any third party owns and that the Company uses pursuant to license, sublicense, agreement, or permission. The Company has delivered to Buyer correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). With respect to each item of Intellectual Property required to be identified in Schedule 3.21(d):

(i) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, or permission shall continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in **Article 2** above);

(iii) no party to the license, sublicense, agreement, or permission is in breach or default, and no event has occurred that with notice or default or permit termination, modification, or acceleration thereunder;

(iv) no party to the license, sublicense, agreement, or permission has repudiated any provision thereof;

(v) with respect to each sublicense, the representations and warranties set forth in clauses **(i)** through **(iv)** above are true and correct with respect to the underlying license;

(vi) the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(vii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Shareholder or the Company, is threatened that challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(viii) The Company has not granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission.

(e) To the Knowledge of the Shareholder or the Company, the Company shall not interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of its businesses as presently conducted and as presently proposed to be conducted.

As used in this Agreement the term "Intellectual Property" means (A) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (B) all trademarks, service marks, trade dress, logos, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (C) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (D) all mask works and all applications, registrations, and renewals in connection therewith, (E) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and

techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (F) all computer software (including data and related documentation), (G) all registered domain names, website content, website related software, and all other Internet related tools and applications, (H) all other proprietary rights, and (I) all copies and tangible embodiments thereof (in whatever form or medium).

Section 3.22 ***Environment, Health, and Safety.***

(a) The Company and its predecessors and affiliates have complied with all Environmental, Health, and Safety Laws, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against it alleging any failure so to comply. Without limiting the generality of the preceding sentence, each of the Company and its predecessors and affiliates has obtained and been in compliance with all of the terms and conditions of all permits, licenses, and other authorizations that are required under, and has complied with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables that are contained in, all Environmental, Health, and Safety Laws.

(b) The Company has no liability (and none of the Company and its predecessors and affiliates has handled or disposed of any substance, arranged for the disposal of any substance, exposed any employee or other individual to any substance or condition, or owned or operated any property or facility in any manner that could form the basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against the Company giving rise to any liability) for damage to any site, location, or body of water (surface or subsurface), for any illness of or personal injury to, any employee or other individual, or for any reason under any Environmental, Health, and Safety Law.

(c) All properties and equipment used in the business of the Company and its predecessors and affiliates have been free of asbestos, polychlorinated biphenyls (PCBs), methylene chloride, trichloroethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances.

(d) As used in this Agreement, the term:

(i) "Environmental, Health, and Safety Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, together with all other laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, or employee health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes;

(ii) "Extremely Hazardous Substance" has the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended; and

(iii) "Hazardous Materials" means any "toxic substance" as defined in 15 U.S.C. Section 2601 et seq. on the date hereof, including materials designated on the date hereof as "hazardous substances" under 42 U.S.C. Section 9601 et seq. or other applicable laws, and toxic, radioactive, caustic, or otherwise hazardous substances, including petroleum and its derivatives, asbestos, PCBs, formaldehyde, chlordane and heptachlor.

Section 3.23 ***Accounting Matters***. To the Knowledge of the Shareholder, no "Affiliate" (as defined below) of any Acquired Company has, during a period of thirty (30) days prior to the date of this Agreement, sold, pledged, hypothecated, or otherwise transferred or encumbered any capital stock of the Company held by such Affiliate. For purposes of this Agreement, the term "Affiliate" means any officer, director, or owner of ten percent (10%) or more of the voting capital stock of the Company.

Section 3.24 ***Securities Law Representations***. (a) The Shareholder was granted access to the business premises, offices, properties, and business, corporate and financial books and records of Buyer. The Shareholder was permitted to examine the foregoing records, to question officers of Buyer, and to make such other investigations as they considered appropriate to determine or verify the business and financial condition of Buyer. Buyers furnished to the Shareholder all information regarding its business and affairs that the Shareholder requested, including, without limitation, (i) Buyer's Annual Report on Form 10-K for the year ended December 31, 2000, (ii) Amendment to Buyer's Annual Report on Form 10-K/A for the year ended December 31, 2000, (iii) Buyer's Annual Report to Shareholders for the year ended December 31, 2000, (iv) the Proxy Statement for Buyer's 2001 Annual Meeting of Shareholders, (v) Buyer's Report on Form 8-K filed on January 18, 2001, (vii) Amendment to Buyer's Report on Form 8-K/A filed on March 20, 2001, (viii) Second Amendment to Buyer's Report on Form 8-K/A filed on March 23, 2001, and (ix) Buyer's Quarterly Report on Form 10-Q for the three (3) months ended March 31, 2001.

(b) The Shareholder recognizes that the Buyer Shares will not when issued, be registered under the Securities Act of 1933, as amended (the "Securities Act") and will therefore, unless and until a registration statement with regard to such Buyer shares is declared effective by the Securities and Exchange Commission, constitute "restricted securities" as defined pursuant to Rule 144(a)(3) under the Securities Act under which means, among other things, that the Shareholder generally will not be able to sell the Buyer Shares for a period of at least one (1) year following the Closing Date, and may not be sold, offered for sale, transferred, pledged, hypothecated or otherwise disposed of except in compliance with the Securities Act, as such, by way of illustration but without limitation, in compliance the safe harbor provisions of Rule 144; further, the legal consequences of the foregoing mean that

the Shareholder must bear the economic risk of the investment in the Buyer Share for an indefinite period of time; further, if Shareholder desires to sell or transfer all or any part of the Buyer Shares, Buyer may require such Shareholder's counsel to provide a legal opinion that the transfer may be made without registration under the Securities Act; further, other restrictions discussed elsewhere herein may be applicable; further, the Shareholder is subject to the restriction on transfer described herein and Buyer will issue stop transfer orders with Buyer's transfer agent to enforce such restrictions; further, the Buyer Shares will bear a legend restricting transfer; and further, the following paragraph, or language substantially equivalent thereto, will be inserted in or stamped on the certificates evidencing the same:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND SUCH SHARES HAVE BEEN ACQUIRED FOR INVESTMENT. THIS STOCK MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING THE SAME UNDER THE SECURITIES ACT OF 1933 OR OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE SECURITIES LAWS.

(c) Because of their considerable knowledge and experience in financial and business matters, the Shareholder is able to evaluate the merits, risks, and other factors bearing on the suitability of the Buyer Shares as an investment. The Shareholder, individually or by virtue of a "purchaser representative" (as defined pursuant to Rule 501(h) under the Securities Act), qualifies as an "accredited investor" as defined under Rule 501(a) under the Securities Act.

(d) Shareholder's annual income and net worth are such that he would not now be, and does not contemplate being, required to dispose of any investment in the Buyer Shares, including the risk of losing all or any part of his investment and the inability to sell, transfer, pledge, or otherwise dispose of any of the Buyer Shares for an indefinite period.

(e) Shareholder's acquisition of the Buyer Shares will be solely for his own account, as principal, for investment, and not with a view to, or for resale in connection with, any underwriting or distribution.

Section 3.25 ***No Misrepresentations***. None of the representations and warranties of the Shareholder set forth in this Agreement or in the attached Schedules, notwithstanding any investigation thereof by Buyer, contains any untrue statement of a material fact, or omits the statement of any material fact necessary to render the statements made not misleading.

Article 4

Representations and Warranties of Buyer

Buyer represents and warrants to the Shareholder as follows:

Section 4.1 ***Organization.*** Buyer is a corporation organized under the laws of the State of Florida and its status is active. Buyer has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted. Buyer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased, or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and be in good standing would not in the aggregate have a material adverse effect.

Section 4.2 ***Authority.*** Buyer has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of Buyer and no other corporate proceeding on the part of Buyer is necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly executed and delivered by Buyer and constitutes its valid and binding obligation, enforceable against Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws from time to time in effect which offset creditors' rights generally and general equitable principles.

Section 4.3 ***Consents and Approvals; No Violations.*** Neither the execution, delivery or performance of this Agreement by Buyer nor the consummation by Buyer of the transactions contemplated hereby nor compliance by Buyer with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of Buyer, (b) require any filing with, or permit authorization, consent, or approval of, any Governmental Entity, except where the failure to obtain such permits, authorizations, consents, or approvals or to make such filings would not have a material adverse effect, (c) result in a violation or breach of, or constitute a default (or give rise to any right of termination, amendment, cancellation, or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, lease, license, agreement, or other instrument or obligation to which Buyer is a party or by which Buyer or its properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Buyer or any of its properties or assets, except in the case of **(c)** or **(d)** above for violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect.

Section 4.4 ***SEC Reports and Financial Statements***. Buyer has filed with the SEC, and has heretofore made available to the Shareholder true and complete copies of all forms, reports, schedules, statements and other documents required to be filed by it since December 31, 2000 under the Securities Exchange Act of 1934 (the "Exchange Act") or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Buyer SEC Documents"). The Buyer SEC Documents, including without limitation any financial statements and schedules included therein, at the time filed, (a) did not

contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. The financial statements of Buyer included in the Buyer SEC Documents comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q of the SEC) and fairly present (subject, in the case of the unaudited statements, to normal, recurring audit adjustments) the consolidated financial position of Buyer and its consolidated subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

Section 4.5 ***Absence of Certain Changes***. Except as disclosed in the Buyer SEC Documents, since December 31, 2000, there have been no events, changes or events having, individually or in the aggregate, a material adverse effect on Buyer.

Section 4.6 ***No Undisclosed Liabilities***. Except as and to the extent set forth in Buyer's Quarterly Report on Form 10-Q for the period ended March 31, 2001, as of March 31, 2001, Buyer had no liabilities or obligations, whether or not accrued, contingent or otherwise, that would be required by generally accepted accounting principles to be reflected on a consolidated balance sheet of Buyer and its subsidiaries. Since March 31, 2001, Buyer has not incurred any liabilities, whether or not accrued, contingent or otherwise, outside the ordinary course of business or that would have, individually or in the aggregate, a material adverse effect on Buyer.

Section 4.7 ***Litigation***. Except as disclosed in the Buyer SEC Documents filed prior to the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the Knowledge of Buyer, threatened against Buyer or any of its subsidiaries before any Governmental Entity that, individually or in the aggregate, is reasonably likely to have a material adverse effect on Buyer or would prevent Buyer from consummating the transactions contemplated by this Agreement. Except as disclosed in the Buyer SEC Documents, neither Buyer nor any of its subsidiaries is subject to any outstanding order, writ, injunction or decree that, insofar as can be reasonably foreseen, individually or in the aggregate, in the future would have a material adverse effect on Buyer or would prevent Buyer from consummating the transactions contemplated hereby.

Section 4.8 ***Accounting Matters***. To the Knowledge of Buyer, neither Buyer nor any of its affiliates has through the date of this Agreement taken or agreed to take any action that (without giving effect to any action taken or agreed to be taken by the Company or any of its affiliates) would prevent the parties from accounting for the transaction to be effected by this Agreement as a pooling of interests.

Section 4.9 ***Errors and Omissions***. Buyer has not incurred any material liability or taken or failed to take any action that may reasonably be expected to result in a material liability for errors or omissions in the conduct of its insurance business, except such liabilities as are fully covered by insurance and those disclosed in the Buyer SEC Documents. Buyer has errors and omission (E&O) insurance coverage in force, with minimum liability limits of $35,000,000.00 per occurrence and $35,000,000.00 aggregate, with a deductible of $250,000.00.

Section 4.10 ***Securities Law Representations***. (a) Buyer was granted access to the business premises, offices, properties, and business, corporate and financial books and records of the Company. Buyer was permitted to examine the foregoing records, to question officers of the Company, and to make such other investigations as it considered appropriate to determine or verify the business and financial condition of the Company. The Shareholder furnished to Buyer all information regarding the business and affairs of the Company that Buyer requested.

(b) Because of its considerable knowledge and experience in financial and business matters, Buyer is able to evaluate the merits, risks, and other factors bearing on the suitability of the Company Shares as an investment.

(c) Buyer's annual income and net worth are such that it would not now be, and does not contemplate being, required to dispose of any investment in the Company Shares, including the risk of losing all or any part of its investment and the inability to sell, transfer, pledge, or otherwise dispose of any of the Company Shares for an indefinite period. Buyer recognizes that the Company Shares will not be registered under the Securities Act and will therefore constitute "restricted securities," which means, among other things, that Buyer generally will not be able to sell the Company Shares for a period of at least one (1) year following the Closing Date.

(d) Buyer's acquisition of the Company Shares will be solely for its own account, as principal, for investment, and not with a view to, or for resale in connection with, any underwriting or distribution.

Article 5

[INTENTIONALLY OMITTED]

Article 6

Additional Agreements

Section 6.1 ***Access to Information.*** Upon reasonable notice, the Shareholder shall cause the Company to afford to the officers, employees, accountants, counsel, and other authorized representatives of Buyer full access, during the period prior to the Closing

Date, to all of the properties, books, contracts, commitments, records, and senior management of the Company. Unless otherwise required by law, Buyer will hold any such information that is nonpublic in confidence, will not use such information in its business if the transaction does not close, and will return such information if the transaction does not close.

Section 6.2 ***Expenses.*** Whether or not the transaction is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

Section 6.3 ***Brokers or Finders.*** Each of the parties represents, as to itself, its subsidiaries and its affiliates, that no agent, broker, investment banker, financial advisor, or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, and each of the parties agrees to indemnify and hold the others harmless from and against any and all claims, liabilities, or obligations with respect to any fees, commissions, or expenses asserted by any person on the basis of any act or statement alleged to have been made by such party or its affiliate.

Section 6.4 ***Additional Agreements; Best Efforts.*** Subject to the terms and conditions of this Agreement, each of the parties agrees to use its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including cooperating fully with the other parties.

Section 6.5 ***Non-Competition Covenants***. (a) The Shareholder agrees that he shall not, directly or indirectly, for a period of five (5) years beginning on the Closing Date, engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of, any entity (other than Buyer or the Company) engaged in the insurance agency business the following counties: Pinellas, Pasco, Hillsborough, Polk, Manatee and Sarasota. Without limiting the foregoing, the Shareholder shall not, during such five-year period, (i) solicit, divert, accept business from, nor service, directly or indirectly, as insurance solicitor, insurance agent, insurance broker or otherwise, for his account or the account of any other agent, broker, or insurer, either as owner, shareholder, promoter, employee, consultant, manager or otherwise, any account of the Company or any insurance account then serviced by Buyer, or (ii) hire or directly or indirectly solicit any employees of Buyer or its affiliates to work for the Shareholder or any of their affiliates, or any company that competes with Buyer or its affiliates.

(b) Notwithstanding anything in this Agreement to the contrary, the covenants set forth in this **Section 6.5** shall not be held invalid or unenforceable because of the scope of the territory or actions subject hereto or restricted hereby, or the period of time within which such covenants are imperative; but the maximum territory, the actions subject to such covenants, and the period of time in which such covenants are enforceable, respectively, are subject to determination by a final judgment of any court which had jurisdiction over the parties and subject matter.

Section 6.6 ***Accounting Matters***. The Shareholder agrees that he would be deemed an "Affiliate" of the Company (as such term is defined in **Section 3.23** of this Agreement) and that, in order to preserve the pooling-of-interests accounting treatment of this transaction, Shareholder shall not sell, pledge, hypothecate, or otherwise transfer or encumber any Buyer Shares issued to Shareholder under this Agreement until the final results of at least thirty (30) days of post-Closing combined operations have been published by Buyer, via the issuance of a quarterly earnings report or other means at Buyer's sole discretion.

Section 6.7 ***Remedy for Breach of Covenants***. In the event of a breach of the provisions of **Section 6.5** or **6.6**, Buyer and the Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare the covenants set forth in **Section 6.5** or **6.6** unenforceable due to a unreasonable restriction, duration, geographical area or otherwise, the parties agree that such court shall be empowered and shall grant Buyer, the Company and their affiliates injunctive relief to the extent reasonably necessary to protect their respective interests. The Shareholder acknowledges that the covenants set forth in **Section 6.5** and **6.6** represent an important element of the value of the Company Shares and were a material inducement for Buyer to enter into this Agreement.

Section 6.8 ***Successor Rights***. The covenants contained in **Section 6.5** and **6.6** shall inure to the benefit of any successor in interests of Buyer by way of merger, consolidation, sale or other succession.

Section 6.9 ***Errors and Omissions Extended Reporting ("Tail") Coverage***. On or prior to the Closing Date, the Shareholder shall cause the Company to purchase, at the Company's expense, a tail coverage extension on the Company's errors and omissions (E&O) insurance policy. Such coverage shall extend for a period of at least five (5) years from the Closing Date, shall have the same coverage and deductible currently in effect, and shall otherwise be in form reasonably acceptable to Buyer. A certificate of insurance evidencing such coverage shall be delivered to Buyer at or prior to Closing.

Section 6.10 ***Release.*** The Shareholder agrees on the Closing Date to execute and deliver the Release.

Section 6.11 ***Pledge Agreement***. The parties agree on the Closing Date to enter into the Pledge Agreement.

Section 6.12 ***Shareholder Employment Agreement.*** Buyer and the Shareholder agree on the Closing Date to enter into the Shareholder Employment Agreement.

Section 6.13 ***Confidentiality.*** The parties agree to maintain the existence of this transaction and the terms hereof in confidence, until the earliest of the following circumstances occurs: (a) the parties mutually agree to release such information to the public; (b) Buyer reasonably concludes that such disclosure is required by law; or (c) the Closing has occurred and ownership of the Company Shares has passed to Buyer.

Section 6.14 ***Preparation of Tax Return.*** The Shareholder recognizes that a year-to-date income tax return must be prepared and filed for the Company as a result of this transaction and that the Shareholder is primarily responsible for preparing this return. The Shareholder therefore agrees to prepare this return promptly after the Closing, at their expense, and deliver it to the Company to review and file. Buyer and the Company shall be solely responsible for any changes they make to the return prepared by the Shareholder and shall indemnify and hold Shareholder harmless of and from any and all additional federal or state tax liability, associated penalties or interest resulting directly or indirectly from such changes and any attorneys' fees or accounting fees of Shareholder related to such federal or state tax liability or interest unless any such changes were due to any fraud, misrepresentation or omission in the original tax return prepared by Shareholder.

Article 7

Conditions

Section 7.1 ***Conditions to Each Party's Obligation.*** The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction prior to or on the Closing Date of the following conditions:

(a) *Approvals.* All authorizations, consents, orders, or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity, the failure to obtain which would have a material adverse effect on the Company, shall have been filed, occurred, or been obtained.

(b) *No Injunctions or Restraints.* No temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transaction shall be in effect.

Section 7.2 ***Conditions to Obligations of Buyer.*** The obligation of Buyer to effect the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions, unless waived by Buyer:

(a) *Representations and Warranties.* The representations and warranties of the Shareholder set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by the Shareholder.* The Shareholder shall have performed all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(c) *Due Diligence*. Buyer shall be satisfied, in its sole discretion, with the results of its due diligence investigation of the Company.

(d) *Opinion of the Shareholder's Counsel*. The Shareholder shall have delivered to Buyer a written opinion of counsel dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(a)(iv) with only such changes therein as shall be in form and substance reasonably satisfactory to Buyer.

(e) *Pledge Agreement.* The Shareholder shall have executed and delivered to Buyer the Pledge Agreement.

(f) *Release.* The Shareholder shall have executed and delivered to Buyer the Release.

(g) *Employment Agreements.* The Shareholder and each Company employee that Buyer wishes to hire shall have executed and delivered to Buyer the Shareholder Employment Agreement or Buyer's standard employment agreement, as the case may be.

(h) *E&O Tail Coverage*. The Shareholder shall have delivered or caused to be delivered to Buyer a Certificate of Insurance evidencing the Company's E&O tail policy coverage required under **Section 6.9**.

(i) *Adverse Changes*. There shall have been no material adverse change to the business or financial condition of the Company since the Balance Sheet Date.

(j) *Board Approval.* Buyer's Board of Directors shall have approved this transaction and the issuance of the Buyer Shares to the Shareholder.

(k) *Tangible Net Worth.* Buyer shall be satisfied that the Company has a Tangible Net Worth (as defined below), as of the Closing Date, of at least ten percent (10%) of the Company's Core Revenue (defined below) for the twelve (12) month period ending as of the Closing Date.

As defined herein:

(i) the term "Tangible Net Worth" means the difference of the Company's (1) total assets minus (2) those assets identified as "Intangibles" on the Company's balance sheet as of the Closing Date, minus (3) total liabilities, determined pursuant to the Company's balance sheet as of the Closing Date, as determined by Buyer's standard audit procedures and after appropriate reductions including, but not limited to, the cost of purchasing the E&O tail coverage policy required under **Section 6.9** hereof**,** and all distributions to the Shareholder, and the write-off of all accounts receivables aged over fifty-nine (59) days as if the Closing Date (the "Aged Accounts Receivable") ; and

(ii) the term "Core Revenue" means the Company's commission revenue net of any commissions paid to any third party producing agent or agency, or to any third party broker, but shall not include contingent commissions, override commissions, first year life

insurance commissions or any income item (such as interest and countersignature fees) other than earned commissions and fees earned in lieu of commissions. Revenues generated from any one account shall not be included more than once in any twelve-month period in determining Core Revenue for such period. Core Revenue will be determined in accordance with generally accepted accounting principles. Specifically, direct bill revenue is recognized when received (cash basis) and agency bill revenue is recognized on the later of the effective date of the policy installment or the date the installment is billed to the customer.

(m) *Appointment by Insurance Carriers.* Buyer shall be satisfied that the Acquired Companies' insurance carriers are willing to appoint Buyer as their agent as of the Closing Date.

(n) *Termination of Employee Benefit Plans.* Buyer shall have received copies of duly adopted resolutions of the Company's Board of Directors satisfactory to Buyer in its sole discretion terminating the Company's Employee Benefits Plans (other than Employee Welfare Benefit Plans), with such termination effective prior to the Closing Date.

(o) *Accounting and Tax Treatment; Securities Exemption*. Buyer shall be satisfied that its acquisition of the Company Shares and related issuance of the Buyer Shares shall qualify (i) for treatment for accounting purposes as a pooling-of-interests transaction and (ii) for an exemption from registration under federal and state securities laws.

(p) *No Liens or Encumbrances.* All liens, judgments, and other encumbrances on the Company Shares or any of the Company's assets shall have been satisfied and released prior to Closing.

Section 7.3 ***Conditions to Obligation of the Shareholder.*** The obligations of the Shareholder to effect the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions, unless waived by the Shareholder:

(a) *Representations and Warranties.* The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) *Performance of Obligations by Buyer.* Buyer shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

(c) *Opinion of Buyer's Counsel*. Buyer's Assistant General Counsel shall have delivered to the Shareholder a written opinion dated as of the Closing Date in substantially the form attached hereto as Exhibit 2.2(b)(ii) with only such changes therein as shall be in form and substance reasonably satisfactory to the Shareholder.

(d) *Bill of Sale and Assignment.* The Company shall have executed and delivered to Shareholder a Bill of Sale and Assignment with regard to the Aged Accounts Receivable.

Article 8

Indemnification

Section 8.1 ***Survival of Representations, Warranties, Indemnities and Covenants.*** The representations, warranties and indemnities set forth in this Agreement and any right to bring an action at law, in equity, or otherwise for any misrepresentation or breach of warranty under this Agreement shall survive for a period of one (1) year from the Closing Date. All post-closing covenants shall survive the Closing for the period specified in this Agreement or, if not specified, for a period of one (1) year following the Closing Date.

Section 8.2 ***Indemnification Provisions for the Benefit of Buyer***. (a) The Shareholder, jointly and severally, agrees to indemnify and hold Buyer, the Company and their respective officers, directors and affiliates harmless from and against any and all Adverse Consequences (as defined below) that any of such parties may suffer or incur resulting from, arising out of, relating to, or caused by (i) the breach of any of the Shareholder's representations, warranties, obligations or covenants contained herein, or (ii) the operation of the Company's insurance agency business or ownership of the Company Shares by the Shareholder on or prior to the Closing Date, including, without limitation, any claims or lawsuits based on conduct of the Company, its employees or the Shareholder (to the extent such Adverse Consequences are not fully covered and actually paid pursuant to the Company's applicable employee dishonesty bonds) occurring before the Closing. For purposes of this **Article 8**, the phrase "Adverse Consequences" means all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations, injunctions, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), obligations, taxes, liens, losses, expenses, and fees, including all attorneys' fees and court costs. For purposes of this **Section 8.2**, "Adverse Consequences" also specifically includes any Adverse Consequences attributable to any deductible(s) due and payable under the Company's E&O tail policy which the Shareholder agrees to purchase pursuant to **Section 6.9** hereof .

(b) In addition to and without limiting the foregoing, the Shareholder agrees, from and after the Closing, to indemnify Buyer from and against the entirety of any Adverse Consequences Buyer may suffer resulting from, arising out of, relating to, in the nature of, or caused by any liability of the Company for the unpaid taxes of any person or entity (including Shareholder) under United States Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

Section 8.3 ***Indemnification Provisions for the Benefit of the Shareholder***. Buyer agrees to indemnify and hold the Shareholder harmless from and against any and all Adverse Consequences the Shareholder may suffer or incur resulting from, arising out of,

relating to, or caused by (a) the breach of any of Buyer's representations, warranties, obligations or covenants contained herein, or (b) the operation of the insurance agency business of the Company or ownership of the Company Shares by Buyer after the Closing Date, including, without limitation, any claims or lawsuits based on conduct of Buyer or the Company occurring after the Closing.

Article 9

[INTENTIONALLY OMITTED]

Article 10

Miscellaneous

Section 10.1 ***Notices.*** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (if confirmed), or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses or at such other address for a party as shall be specified by like notice:

(a) If to Buyer, to

Brown & Brown, Inc.
401 E. Jackson Street, Suite 1700
Tampa, Florida 33602
Telecopy No.: (813) 222-4464
Attn: Laurel L. Grammig, Esq.

(b) if to the Shareholder, to

Donald J. Volpe
435 Fifteenth Avenue N.E.
St. Petersburg, Florida 33704

with a copy to

Bronstein, Carlson, Gleim & Smith, P.A.
150 Second Avenue North, Suite 1100
St. Petersburg, Florida 33701
Telecopy No.: (727)898-6688
Attn: Joel D. Bronstein, Esquire

Section 10.2 ***Use of Term "Knowledge".*** With respect to the term "Knowledge" as used herein: (a) an individual will be deemed to have "Knowledge" of a particular fact or other matter if (i) such individual is actually aware of such fact or other matter, or (b) a prudent individual could be expected to discover or otherwise become of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or matter; and (b) a corporation or other business entity will be deemed to have "Knowledge" of a particular fact or other matter if any individual who is serving, who has at any time in the twelve (12) months prior to the Closing Date served, as a director, officer, employee, executor, or trustee (or in any similar capacity) of such corporation or business entity has, or at any time had, Knowledge of such fact or other matter.

Section 10.3 ***Counterparts.*** This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 10.4 ***Entire Agreement.*** This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

Section 10.5 ***Assignment.*** Except as contemplated in **Section 6.8** hereof, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. This Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and assigns.

Section 10.6 ***Amendment.*** This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties hereto.

Section 10.7 ***Joint Efforts***. This Agreement is the result of the joint efforts and negotiations of the parties hereto, with each party being represented, or having the opportunity to be represented, by legal counsel of its own choice, and no singular party is the author or drafter of the provisions hereof. Each of the parties assumes joint responsibility for the form and composition of this

Agreement and each party agrees that this Agreement shall be interpreted as though each of the parties participated equally in the composition of this Agreement and each and every provision and part hereof. The parties agree that the rule of judicial interpretation to the effect that any ambiguity or uncertainty contained in an agreement is to be construed against the party that drafted the agreement shall not be applied in the event of any disagreement or dispute arising out of this Agreement.

Section 10.8 ***Headings***. All paragraph headings herein are inserted for convenience of reference only and shall not modify or affect the construction or interpretation of any provision of this Agreement.

Section 10.9 ***Severability***. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be illegal, invalid or unenforceable, either in whole or in part, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remaining provisions or covenants, or any part thereof, all of which shall remain in full force and effect.

Section 10.10 ***Attorneys' Fees***. The prevailing party in any proceeding brought to enforce the provisions of this Agreement shall be entitled to an award of reasonable attorneys' fees and costs incurred at both the trial and appellate levels incurred in enforcing its rights hereunder.

Section 10.11 ***Governing Law.*** This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida without regard to conflicts of laws principles thereof.

*** * * * * * * * * ***

[Remainder of Page Intentionally Left Blank - Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed or caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

BUYER:

BROWN & BROWN, INC.

By: /S/ C. ROY BRIDGES
Name: C. Roy Bridges
Title: Regional Executive Vice President

SHAREHOLDER:

/S/ DONALD J. VOLPE
DONALD J. VOLPE, individually

SCHEDULES AND EXHIBITS

Schedule 3.9(a):	Book of Business
Schedule 3.9(d):	List of Personal Items on the Premises
Schedule 3.11:	Litigation and Claims
Schedule 3.14:	Material Contracts
Schedule 3.16:	Insurance Policies
Schedule 3.18:	Employee Dishonesty Bonds
Schedule 3.20:	Employee Benefit Plans
Schedule 3.21(c):	Owned Intellectual Property
Schedule 3.21(d):	Licensed Intellectual Property
Exhibit 2.2(a)(ii):	Release
Exhibit 2.2(a)(iii):	Pledge Agreement
Exhibit 2.2(a)(iv):	Opinion of the Shareholder's Counsel
Exhibit 2.2(a)(v):	Shareholder Employment Agreement
Exhibit 2.2(b)(ii):	Opinion of Buyer's Counsel

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EXHIBIT 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

As independent certified public accountants, we hereby consent to the incorporation by reference of our report dated January 19, 2001, on the consolidated financial statements of Brown & Brown, Inc. (the "Company") as of December 31, 2000 and 1999, and for each of the three years in the period ended December 31, 2000, incorporated by reference into the Company's Form 10-K and 10-K/A for the year ended December 31, 2000, into the Company's registration statement on Form S-3, for the registration of 996,248 shares of common stock, and to all references to our Firm included in this registration statement.

/S/ ARTHUR ANDERSEN LLP

Orlando, Florida

September 27, 2001

EXHIBIT 23.2

To the Board of Directors

Riedman Corporation:

We consent to the incorporation by reference in this registration statement on Form S-3 of Brown & Brown, Inc., relative to their registration of 996,248 shares of common stock, of our report dated February 23, 2001, with respect to the balance sheet of Riedman Insurance (a division of Riedman Corporation) as of December 31, 2000, and the related statements of income, stockholders' equity and cash flows for the year then ended, which report appears in the Form 8-K/A of Brown & Brown, Inc. dated March 23, 2001, as amended, and to the reference to our firm under the heading "Experts" in the prospectus.

/S/ KPMG LLP

September 26, 2001
Rochester, New York

EXHIBIT 24.1

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign and file a registration statement on Form S-3, and any amendments thereto (including any post-effective amendments), for purposes of registering for re-sale those shares of the common stock of Brown & Brown, Inc. issued in connection with the stock acquisition of The Young Agency, Inc., a New York corporation, which registration statement is to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ SAMUEL P. BELL III
Samuel P. Bell, III

Dated: July 27, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign and file a registration statement on Form S-3, and any amendments thereto (including any post-effective amendments), for purposes of registering for re-sale those shares of the common stock of Brown & Brown, Inc. issued in connection with the stock acquisition of The Young Agency, Inc., a New York corporation, which registration statement is to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ J. HYATT BROWN
J. Hyatt Brown

Dated: July 27, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign and file a registration statement on Form S-3, and any amendments thereto (including any post-effective amendments), for purposes of registering for re-sale those shares of the common stock of Brown & Brown, Inc. issued in connection with the stock acquisition of The Young Agency, Inc., a New York corporation, which registration statement is to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ BRADLEY CURREY, JR.
Bradley Currey, Jr.

Dated: July 27, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and

all capacities, to sign and file a registration statement on Form S-3, and any amendments thereto (including any post-effective amendments), for purposes of registering for re-sale those shares of the common stock of Brown & Brown, Inc. issued in connection with the stock acquisition of The Young Agency, Inc., a New York corporation, which registration statement is to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ JIM W. HENDERSON
Jim W. Henderson

Dated: July 27, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign and file a registration statement on Form S-3, and any amendments thereto (including any post-effective amendments), for purposes of registering for re-sale those shares of the common stock of Brown & Brown, Inc. issued in connection with the stock acquisition of The Young Agency, Inc., a New York corporation, which registration statement is to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ THEODORE J. HOEPNER
Theodore J. Hoepner

Dated: July 27, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign and file a registration statement on Form S-3, and any amendments thereto (including any post-effective amendments), for purposes of registering for re-sale those shares of the common stock of Brown & Brown, Inc. issued in connection with the stock acquisition of The Young Agency, Inc., a New York corporation, which registration statement is to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ DAVID H. HUGHES

David H. Hughes

Dated: July 27, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign and file a registration statement on Form S-3, and any amendments thereto (including any post-effective amendments), for purposes of registering for re-sale those shares of the common stock of Brown & Brown, Inc. issued in connection with the stock acquisition of The Young Agency, Inc., a New York corporation, which registration statement is to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

TONI JENNINGS
Toni Jennings

Dated: July 27, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign and file a registration statement on Form S-3, and any amendments thereto (including any post-effective amendments), for purposes of registering for re-sale those shares of the common stock of Brown & Brown, Inc. issued in connection with the stock acquisition of The Young Agency, Inc., a New York corporation, which registration statement is to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ JOHN R. RIEDMAN
John R. Riedman

Dated: July 27, 2001

POWER OF ATTORNEY

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/S/ JAN E. SMITH
Jan E. Smith

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Cory T. Walker

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/S/ THEODORE J. HOEPNER
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Toni Jennings

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Dated: July 27, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and Thomas M. Donegan, Jr., or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign and file a registration statement on Form S-3, and any amendments thereto (including any post-effective amendments), for purposes of registering for re-sale those shares of the common stock of Brown & Brown, Inc. issued in connection with the stock acquisition of The Connelly Insurance Group, Inc. and The Benefit Group, Inc., each a Florida corporation, which registration statement is to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each

and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/S/ DAVID H. HUGHES

David H. Hughes

Dated: July 27, 2001

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TONI JENNINGS
Toni Jennings

Dated: July 27, 2001

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/S/ JOHN R. RIEDMAN
John R. Riedman

Dated: July 27, 2001

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/S/ JAN E. SMITH
Jan E. Smith

Dated: July 27, 2001

POWER OF ATTORNEY

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/S/ CORY T. WALKER
Cory T. Walker

Dated: July 27, 2001

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