POE & BROWN, INC.

FORM 10-K ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1998

PART I

ITEM 1. BUSINESS

General

Poe & Brown, Inc. (the "Company") is a general insurance agency headquartered in Daytona Beach and Tampa, Florida that resulted from an April 28, 1993 business combination involving Poe & Associates, Inc. ("Poe") and Brown & Brown, Inc. ("Brown"). Poe was incorporated in 1958 and Brown commenced business in 1939.

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

The Company is compensated for its services by commissions paid by insurance companies and fees for administration and benefit consulting services. The commission is usually a percentage of the premium paid by an insured. Commission rates generally depend upon the type of insurance, the particular insurance company, and the nature of the services provided by the Company. In some cases, a commission is shared with other agents or brokers who have acted jointly with the Company in a transaction. The Company may also receive from an insurance company a contingent commission that is generally based on the profitability and volume of business placed with it by the Company over a given period of time. Fees are principally generated by the Company's Service Division, which offers administration and benefit consulting services primarily in the workers' compensation and employee benefit markets. The amount of the Company's income from commissions and fees is a function of, among other factors, continued new business production, retention of existing customers, acquisitions, and fluctuations in insurance premium rates and insurable exposure units.

Premium pricing within the property and casualty insurance underwriting industry has been cyclical and has displayed a high degree of volatility based on prevailing economic and competitive conditions. Since the mid-1980s, the property and casualty insurance industry has been in a "soft market" during which the underwriting capacity of insurance companies expanded, stimulating an increase in competition and a decrease in premium rates and related commissions and fees. Significant reductions in premium rates occurred during the years 1987 through 1989 and continue, although to a lesser degree, through the present. The effect of this softness in rates on the Company's revenues has been somewhat offset by the Company's acquisitions and new business production. The Company cannot predict the timing or extent of premium pricing changes as a result of market fluctuations or their effect on the Company's operations in the future.

The Company's activities are conducted in 19 locations throughout Florida, three locations in Arizona, two locations in New Mexico and in eight additional locations in California, Georgia, Indiana, New Jersey, Nevada, Ohio, Pennsylvania, and Texas. Because the Company's business is concentrated in Florida, the occurrence of adverse economic conditions or an adverse regulatory climate in Florida could have a materially adverse effect on its business, although the Company has not encountered such conditions in the past.

The Company's 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 Company 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. The Company receives 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.

The following table sets forth a summary of (i) the commission and fee revenues realized from each of the Company's operating divisions for each of the three years in the period ended December 31, 1998 (in thousands of dollars), and (ii) the percentage of the Company's total commission and fee revenues represented by each division for each of such periods:

	1996	%	1997	%	1998	%
Retail Division (1)	$ 75,964	61.5%	$ 83,278	62.5%	$ 98,382	65.4%
National Programs Division	25,732	20.8	24,845	18.6	25,043	16.6
Service Division	11,887	9.6	12,150	9.1	13,818	9.2
Brokerage Division	9,961	8.1	12,976	9.8	13,200	8.8
Total	$123,544	100%	$133,249	100%	$150,443	100%

(1) Numbers and percentages for 1996 and 1997 have been restated to give effect to the Company's acquisition of the outstanding stock of the Daniel-James Insurance Agency in 1998.

Retail Division

The Company's Retail Division operates in eleven states and employs approximately 893 persons. The Company's retail insurance agency business consists primarily of selling and marketing property and casualty insurance coverages to commercial, professional and, to a limited extent, individual customers. The categories of insurance principally sold by the Company are: Casualty insurance relating to legal liabilities, workers' compensation, commercial and private

passenger automobile coverages, and fidelity and surety insurance; and

Property insurance against physical damage to property and resultant interruption of business or extra expense caused by fire, windstorm or other perils. The Company also sells and services all forms of group and individual life, accident, health, hospitalization, medical and dental insurance programs. Each category of insurance is serviced by insurance specialists employed by the Company.

No material part of the Company's retail business depends upon a single customer or a few customers. During 1998, fees and commissions received from the Company's largest single Retail Division customer represented less than 1% of the Retail Division's total commission and fee revenues.

In connection with the selling and marketing of insurance coverages, the Company provides a broad range of related services to its customers, such as risk management surveys and analysis, consultation in connection with placing insurance coverages, and claims processing. The Company believes these services are important factors in securing and retaining customers.

National Programs Divisions

The Company's National Programs Division tailors insurance products to the needs of a particular professional or trade group, negotiates policy forms, coverages and commission rates with an insurance company and, in certain cases, secures the formal or informal endorsement of the product by a professional association or trade group. Programs are marketed and sold primarily through a national network of independent agencies that solicit customers though advertisements in association publications, direct mailings and personal contact. The Company also markets a variety of these products through certain of its retail offices. Under agency agreements with the insurance companies that underwrite these programs, the Company often has authority to bind coverages, subject to established guidelines, to bill and collect premiums and, in some cases, to process claims.

The Company is committed to ongoing market research and development of new proprietary programs. The Company employs a variety of methods, including interviews with members of various professional and trade groups to which the Company does not presently offer insurance products, to assess the coverage needs of such professional associations and trade groups. If the initial market research is positive, the Company studies the existing and potential competition and locates potential carriers for the program. A proposal is then submitted to and negotiated with a selected carrier and, in many instances, a professional or trade association from which endorsement of the program is sought. New programs are introduced through written communications, personal visits with agents, placements of advertising in trade publications and, where appropriate, participation in trade shows and conventions.

Professional Groups. The professional groups serviced by the National Programs Division include dentists, lawyers, physicians, optometrists and opticians, chiropractors, architects and engineers. Set forth below is a brief description of the programs offered to these major professional groups.

- Dentists: The largest program marketed by the National Programs Division is a package insurance policy known as the Professional Protector Plan(R), which provides comprehensive coverage for dentists, including practice protection and professional liability. This program, initiated in 1969, is endorsed by a number of state and local dental societies, and is offered nationally. The Company believes that this program presently insures approximately 24% of the eligible practicing dentists within the Company's marketing territories.

- Lawyers: The Company began marketing lawyers' professional liability insurance in 1973, and the national Lawyer's Protector Plan(R) was introduced in 1983. The program is presently offered in 45 states, the District of Columbia, Puerto Rico and the Virgin Islands.

- Physicians: The Company markets professional liability insurance for physicians, surgeons, and other health care providers through a program known as the Physicians Protector Plan(R). The program, initiated in 1980, is currently offered in six states.

- Optometrists and Opticians: The Optometric Protector Plan(R) was created in 1973 to provide optometrists and opticians with a package of practice and professional liability coverage. This program insures optometrists and opticians in all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. The Company believes that this program presently insures approximately 25% of the eligible optometrists within the Company's marketing territories.

- Chiropractors: The Chiropractic Protector Plan(R) was introduced in 1996 to provide professional liability and comprehensive general liability coverage for chiropractors. This program is currently being offered in 13 states.

- Architects and Engineers: The Architects & Engineers Protector PlanSM was introduced in 1997 to provide professional liability and comprehensive general liability coverage for architects and engineers. This program is currently available to "full service" architects in six states and to landscape architects in all 50 states.

Four of the professional programs described above are underwritten through CNA Insurance Companies ("CNA"). The Company and CNA are parties to Program Agency Agreements with respect to each of the programs described above, other than the physicians and architects & engineers programs. Among other things, the agreements with CNA grant the Company the exclusive right to solicit and receive applications for program policies directly and from other licensed agents and to bind and issue such policies and endorsements thereto. In fulfilling its obligations under the agreements, the Company must comply with the administrative and underwriting guidelines established by CNA. The Company is compensated through commissions on premiums, which vary according to insurance product (e.g., workers' compensation, commercial umbrella, package coverage, monoline professional and general liability) and the Company's role in the transaction. The commission to which the Company is entitled may change upon 90 days written notice from CNA. The Program Agency Agreements are generally cancellable by either party for any reason on advance written notice of six months or one year. An agreement may also be terminated upon breach, by the non-breaching party, subject to certain opportunities to cure the breach.

Commercial Groups. The commercial groups serviced by the National Programs Division include a number of targeted commercial industries and trade groups. Among the commercial programs are the following:

- Towing Operators Protector Plan.(R) Introduced in 1992, this program provides specialized insurance products to towing and recovery industry operators in 48 states.

- Automobile Dealers Protector Plan.(R) This program insures independent automobile dealers and is currently offered in 48 states. It originated in Florida over 25 years ago through a program still endorsed by the Florida Independent Auto Dealers Association.

- Manufacturers Protector Plan.(R) Introduced in 1997, this program provides specialized coverages for manufacturers, with an emphasis on selected niche markets.

- Wholesalers & Distributors Preferred Program.SM Introduced in 1997, this program provides stabilized property and casualty protection for businesses principally engaged in the wholesale-distribution industry. This program replaced the Company's prior wholesaler-distributor program, which was terminated in 1997 when the Company severed its relationship with the National Association of Wholesaler-Distributors.

- Railroad Protector Plan.(R) Also introduced in 1997, this program is designed for contractors, manufacturers and other entities that service the needs of the railroad industry.

- Agricultural Protector Plan.SM Introduced in early 1998, this program offers growers of annually harvested crops a broad-based program of specialized coverages.

- Automobile Transporters Protector Plan.(R) Introduced in 1996, this program is designed for automobile transporters engaged in the transport of vehicles for automobile auctions, automobile leasing concerns, and automobile and truck dealerships. It is currently offered in all 50 states.

- Recycler's Comprehensive Protector Plan.SM This program, introduced in 1998, provides specialized property, liability, workers' compensation and pollution coverages for the recycling industry. The program is currently offered in 48 states.

- Environmental Protector Plan. SM This program was introduced in 1998 and is currently offered in 36 states. It provides a variety of specialized environmental coverages, with an emphasis on local Mosquito Control and Water Control Districts.

- Short Line Railroad Protector Plan. Introduced in late 1998, this program is designed to cover Class III freight and scenic/tourist railroads.

- Food Processors Preferred Program. This program, introduced in late 1998, provides property and casualty insurance protection for businesses involved in the handling and processing of various foods.

- Auction Insurance Protector Plan. Also introduced in late 1998, this program is designed to meet the property and casualty insurance needs of the wholesale automobile auction industry.

Service Division

The Service Division consists of two separate components: (i) insurance and related services as a third-party administrator ("TPA") and consultant for employee health and welfare benefit plans, and (ii) insurance and related services providing comprehensive risk management and third-party administration to self-funded workers' compensation plans.

In connection with its employee benefit plan administrative services, the Service Division provides TPA services and consulting related to benefit plan design and costing, arrangement for the placement of stop-loss insurance and other employee benefit coverages, and settlement of claims. The Service Division provides utilization management services such as pre-admission review, concurrent/retrospective review, pre-treatment review of certain non-hospital treatment plans, and medical and psychiatric case management. In addition to the administration of self-funded health care plans, the Service Division offers administration of flexible benefit plans, including plan design, employee communication, enrollment and reporting. The Service Division's workers' compensation TPA services include risk management services such as loss control, claim administration, access to major reinsurance markets, cost containment consulting, and services for secondary disability and subrogation recoveries.

The Service Division provides workers' compensation TPA services for approximately 2,500 employers representing more than $3 billion of employee payroll. The Company's largest workers' compensation contract represents approximately 67% of the Company's workers' compensation TPA revenues, or approximately 3% of the Company's total commission and fee revenues.

Brokerage Division

The Brokerage Division markets excess and surplus lines and specialty niche insurance products to the Company's Retail Division, as well as to other retail agencies throughout Florida and the southeastern United States. The Brokerage Division represents various U.S. and U.K. surplus lines companies and is also a Lloyd's of London correspondent. In addition to surplus lines carriers, the Brokerage Division represents admitted carriers for smaller agencies that do not have access to large insurance carrier representation. Excess and surplus products include commercial automobile, garage, restaurant, builder's risk and inland marine lines. Difficult-to-insure general liability and products liability coverages are a specialty, as is excess workers' compensation. Retail agency business is solicited through mailings and direct contact with retail agency representatives.

The Company has a 75% ownership interest in Florida Intracoastal Underwriters, Limited Company ("FIU") of Miami Lakes, Florida. FIU is a managing general agency that specializes in providing insurance coverages for coastal and inland high-value condominiums and apartments. FIU has developed a unique reinsurance facility to support the underwriting activities associated with these risks.

Employees

At December 31, 1998, the Company had 1,370 full-time equivalent employees. The Company has contracts with its sales employees that include provisions restricting their right to solicit the Company's customers after termination of employment with the Company. The enforceability of such contracts varies from state to state depending upon state statutes, judicial decisions and factual circumstances. The majority of these contracts are terminable by either party; however, the agreements not to solicit the Company's customers generally continue for a period of two or three years after employment termination.

None of the Company's employees is represented by a labor union, and the Company considers its relations with its employees to be satisfactory.

Competition

The insurance agency business is highly competitive, and numerous firms actively compete with the Company for customers and insurance carriers. Although the Company is the largest insurance agency headquartered in Florida, a number of firms with substantially greater resources and market presence compete with the Company in Florida and elsewhere. This situation is particularly pronounced outside Florida. Competition in the insurance business is largely based on innovation, quality of service and price.

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. To date, such direct writing has had relatively little effect on the Company's operations, primarily because the Company's Retail Division is commercially oriented.

Regulation, Licensing and Agency Contracts

The Company or its designated employees must be licensed to act as agents by state regulatory authorities in the states in which the Company conducts business. Regulations and licensing laws vary in individual states and are often complex.

The applicable licensing laws and regulations in all states are subject to amendment or reinterpretation by state regulatory authorities, and such authorities are vested in most cases with relatively broad discretion as to the granting, revocation, suspension and renewal of licenses. The possibility exists that the Company could be excluded or temporarily suspended from carrying on some or all of its activities in, or otherwise subjected to penalties by, a particular state.

ITEM 2. PROPERTIES

The Company's executive offices are located at 220 South Ridgewood Avenue, Daytona Beach, Florida 32114 and 401 East Jackson Street, Suite 1700, Tampa, Florida 33602. The Company also maintains offices in the following cities: Phoenix, Arizona; Prescott, Arizona; Tucson, Arizona; Oakland, California; Brooksville, Florida; Ft. Lauderdale, Florida; Ft. Myers, Florida; Jacksonville, Florida; Kissimmee, Florida; Leesburg, Florida; Maitland, Florida; Melbourne, Florida; Miami Lakes, Florida; Naples, Florida (2); Orlando, Florida; St. Petersburg, Florida; Sarasota, Florida; West Palm Beach, Florida; Winter Haven, Florida; Atlanta, Georgia; Indianapolis, Indiana; Clark, New Jersey; Albuquerque, New Mexico; Roswell, New Mexico; Taos, New Mexico; Las Vegas, Nevada; Perrysburg, Ohio; Philadelphia, Pennsylvania; and Houston, Texas.

The Company occupies office premises under noncancellable operating leases expiring at various dates. These leases generally contain renewal options and escalation clauses based on increases in the lessors' operating expenses and other charges. The Company expects that most leases will be renewed or replaced upon expiration. See Note 12 of the "Notes to Consolidated Financial Statements" in the Company's 1998 Annual Report to Shareholders for additional information on the Company's lease commitments.

At December 31, 1998, the Company owned a building located in Perrysburg, Ohio, having an aggregate book value of $499,000, including improvements. There are no outstanding mortgages on the building.

ITEM 3. LEGAL PROCEEDINGS

As previously reported, on February 21, 1995, an Amended Complaint was filed in an action pending in the Superior Court of Puerto Rico, Bayamon division, and captioned Cadillac Uniform & Linen Supply Company, et al. v. General Accident Insurance Company, Puerto Rico, Limited, et al. The case was originally filed on November 23, 1994, and named General Accident Insurance Company, Puerto Rico Limited, and Benj. Acosta, Inc. as defendants. The Amended Complaint added several defendants, including the Company and Poe & Brown of California, Inc. ("P&B/Cal."), a subsidiary of the Company, as parties to the case. The Plaintiffs alleged that P&B/Cal. failed to procure sufficient coverage for a commercial laundry facility that was rendered inoperable for a period of time as the result of a fire, and further alleged that the Company was vicariously liable for the actions of P&B/Cal. This action was settled in July 1998 and the amount paid in settlement was not material to the Company's financial condition or operating results.

The Company is involved in various other pending or threatened proceedings by or against the Company or one or more of its subsidiaries that involve routine litigation relating to insurance risks placed by the Company and other contractual matters. Management of the Company does not believe that any of such pending or threatened proceedings (including the proceeding described above) will have a materially adverse effect on the consolidated financial position or future operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the Company's fourth quarter ended December 31, 1998.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the New York Stock Exchange under the symbol "PBR." The number of shareholders of record as of March 5, 1999 was 786, and the closing price per share on that date was $34.00.

The table below sets forth information for each quarter in the last two fiscal years concerning (i) the high and low sales prices for the Company's common stock, and (ii) cash dividends declared per share. The stock prices and dividend rates reflect the three-for-two stock split effected by the Company on February 27, 1998.

Stock Price Range	Cash

	High	Low	Dividends Per Share
1998			
First quarter	$38.50	$28.75	$0.1000
Second quarter	39.38	32.00	0.1000
Third quarter	42.50	35.00	0.1000
Fourth quarter	39.00	32.63	0.1100
1997			
First quarter	$18.17	$17.00	$0.0867
Second quarter	24.67	17.00	0.0867
Third quarter	27.50	23.83	0.0866
Fourth quarter	31.33	26.67	0.0933

ITEM 6. SELECTED FINANCIAL DATA

Information under the caption "Financial Highlights" on the inside front foldout page of the Company's 1998 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 18-23 of the Company's 1998 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of Poe & Brown, Inc. and its subsidiaries, together with the report thereon of Arthur Andersen LLP appearing on pages 24-40 of the Company's 1998 Annual Report to Shareholders, are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information contained under the captions "Management" and "Section 16(a) Beneficial Ownership Reporting Compliance" on pages 4-6 of the Company's Proxy Statement for its 1999 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information contained under the caption "Executive Compensation" on pages 6-9 of the Company's Proxy Statement for its 1999 Annual Meeting of Shareholders is incorporated herein by reference; provided, however, that the report of the Compensation Committee on executive compensation, which begins on page 9 thereof, shall not be deemed to be incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information contained under the caption "Security Ownership of Management and Certain Beneficial Owners" on pages 2-3 of the Company's Proxy Statement for its 1999 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information contained under the caption "Executive Compensation - Compensation Committee Interlocks and Insider Participation" on page 9 of the Company's Proxy Statement for its 1999 Annual Meeting of Shareholders is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements of Poe & Brown, Inc. (incorporated herein by reference from pages 24-40 of the Company's 1998 Annual Report to Shareholders) consisting of:

(a) Consolidated Statements of Income for each of the three years in the period ended December 31, 1998.

(b) Consolidated Balance Sheets as of December 31, 1998 and 1997.

(c) Consolidated Statements of Shareholders' Equity for each of the three years in the period ended December 31, 1998.

(d) Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 1998.

(e) Notes to Consolidated Financial Statements.

(f) Report of Independent Certified Public Accountants.

2. Consolidated Financial Statement Schedules. The Consolidated Financial Statement Schedules are omitted because they are not applicable, not material, or not required, or because the required information is included in the Consolidated Financial Statements or the Notes thereto.

3. EXHIBITS

3a Amended and Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended September 30, 1998).

3b Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3b to Form 10-K for the year ended December 31, 1996).

4 Revolving Loan Agreement dated November 9, 1994, by and among the Registrant and SunTrust Bank, Central Florida, N.A., f/k/a SunBank, National Association (incorporated by reference to Exhibit 4 to Form 10-K for the year ended December 31, 1994).

4a Second Amendment to Revolving Loan Agreement, dated as of October 15, 1998, between the Registrant and SunTrust Bank, Central Florida, N.A. (filed herewith).

10a(1) Lease of the Registrant for office space at 220 South Ridgewood Avenue, Daytona Beach, Florida dated August 15, 1987 (incorporated by reference to Exhibit 10a(3) to Form 10-K for the year ended December 31, 1993).

10a(2) Lease Agreement for office space at SunTrust Financial Centre, Tampa, Florida, dated February 1995, between Southeast Financial Center Associates, as landlord, and the Registrant, as tenant (incorporated by reference to Exhibit 10a(4) to Form 10-K for the year ended December 31, 1994).

10b Registrant's 1989 Stock Option Plan (incorporated by reference to Exhibit 10f to Form 10-K for the year ended December 31, 1989).

10c Loan Agreement between Continental Casualty Company and the Registrant dated August 23, 1991 (incorporated by reference to Exhibit 10d to Form 10-K for the year ended December 31, 1991).

10c(2) Extension to Loan Agreement, dated August 1, 1998, between the Registrant and Continental Casualty Company (incorporated by reference to Exhibit 10c(2) to Form 10-Q for the quarter ended September 30, 1998).

10d Indemnity Agreement dated January 1, 1979, among the Registrant, Whiting National Management, Inc., and Pennsylvania Manufacturers' Association Insurance Company (incorporated by reference to Exhibit 10g to Registration Statement No. 33-58090 on Form S-4).

10e Agency Agreement dated January 1, 1979 among the Registrant, Whiting National Management, Inc., and Pennsylvania Manufacturers' Association Insurance Company (incorporated by reference to Exhibit 10h to Registration Statement No. 33-58090 on Form S-4).

10f Deferred Compensation Agreement, dated May 6, 1998, between Brown & Brown, Inc. and Kenneth E. Hill (incorporated by reference to Exhibit 10l to Form 10-Q for the quarter ended September 30, 1998).

10f(2) Letter Agreement, dated May 6, 1998, between Brown & Brown, Inc. and Kenneth E. Hill (incorporated by reference to Exhibit 10m to Form 10-Q for the quarter ended September 30, 1998).

10g Employment Agreement, dated April 28, 1993 between the Registrant and J. Hyatt Brown (incorporated by reference to Exhibit 10k to Form 10-K for the year ended December 31, 1993).

10h Portions of Employment Agreement, dated April 28, 1993 between the Registrant and Jim W. Henderson (incorporated by reference to Exhibit 10m to Form 10-K for the year ended December 31, 1993).

10i Employment Agreement, dated May 6, 1998 between the Registrant and Kenneth E. Hill (incorporated by reference to Exhibit 10k to Form 10-Q for the quarter ended September 30, 1998).

10j Registrant's Stock Performance Plan (incorporated by reference to Exhibit 4 to Registration Statement No. 333-14925 on Form S-8).

11 Statement Re: Computation of Basic and Diluted Earnings Per Share.

13 Portions of Registrant's 1998 Annual Report to Shareholders (not deemed "filed" under the Securities Exchange Act of 1934, except for those portions specifically incorporated by reference herein).

22 Subsidiaries of the Registrant.

23 Consent of Arthur Andersen LLP.

24a Powers of Attorney pursuant to which this Form 10-K has been signed on behalf of certain directors and officers of the Registrant.

24b Resolutions of the Registrant's Board of Directors, certified by the Secretary.

27 Financial Data Schedule.

(b) REPORTS ON FORM 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

POE & BROWN, INC.
Registrant

By: *

J. Hyatt Brown
Chief Executive Officer

Date: March 15, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
* J. Hyatt Brown	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 15, 1999
* Samuel P. Bell, III	Director	March 15, 1999
* Bradley Currey, Jr.	Director	March 15, 1999
* Jim W. Henderson	Director	March 15, 1999
* Kenneth E. Hill	Director	March 15, 1999
* David H. Hughes	Director	March 15, 1999
* Theodore J. Hoepner	Director	March 15, 1999
* Toni Jennings	Director	March 15, 1999
* Jan E. Smith	Director	March 15, 1999
* Jeffrey R. Paro	Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	March 15, 1999

*By: /S/ LAUREL L. GRAMMIG

Laurel L. Grammig
Attorney-in-Fact

Exhibit 4a

PTC-6
11-10-98

SECOND AMENDMENT TO REVOLVING LOAN AGREEMENT

THIS SECOND AMENDMENT TO REVOLVING LOAN AGREEMENT (the "Second Amendment") dated as of October 15th, 1998 by and among POE & BROWN, INC., a Florida corporation, (the "Borrower") and SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION, a national banking association, (the "Lender").

W I T N E S S E T H

WHEREAS, on or about November 9, 1994, the Borrower and the Lender entered into a certain Revolving Loan Agreement (the "Initial Loan Agreement") dated November 9, 1994 pursuant to which the Lender extended to the Borrower a Revolving Loan in the aggregate amount of $10,000,000 (the "Revolving Loan." On or about May 15, 1995, the Borrower and the Lender entered into that certain First Amendment to Revolving Loan Agreement (the "First Amendment"), which modified the Initial Loan Agreement. The term "Initial Loan Agreement" hereafter includes the First Amendment; and

WHEREAS, the Borrower and the Lender have reached an agreement to further modify and restructure the Revolving Loan so as to provide for, among other matters:

A. Increase the amount of the Revolving Loan to $50,000,000; and

B. Amend and modify various provisions of the Initial Loan Agreement including, by way of limitation, the Maturity Date for the Revolving Loan and the financial covenants,

and the parties hereto wish to set forth said changes in this Second Amendment.

NOW, THEREFORE, for and in consideration of the above premises and the mutual covenants and agreements contained herein, the Borrower, the Agent, and the Lender agree as follows:

1. DEFINITIONS. Unless defined or re-defined in this Second Amendment, capitalized terms contained herein shall have the meanings defined and set forth in the Initial Loan Agreement.

2. ADDITIONAL DEFINITIONS. There is hereby added to Section 1.1 of the Initial Loan Agreement the following additional definitions:

"Consolidated EBIT" shall mean, for any fiscal period of the Borrower, an amount equal to the sum of (A) the Consolidated Net Income (Loss), plus, (B) to the extent deducted in determining Consolidated Net Income (Loss), (i) provisions for taxes based on income, and (ii) Consolidated Interest Expense, for the Consolidated Companies, less, gains on sales of assets (excluding sales in the ordinary course of business) and other extraordinary gains and other one-time non-cash gains, all as determined in accordance with GAAP.

"Consolidated EBITDA" shall mean, for any fiscal period of the Borrower, an amount equal to the sum of (A) the Consolidated EBIT, plus (B)(i) depreciation and (ii) amortization of the Consolidated Companies, plus (iii) non-cash charges to the extent deducted in determining Consolidated Net Income, all as determined for the Consolidated Companies in accordance with GAAP .

"Intangible Assets" shall mean those assets of the Consolidated Companies, which are (i) deferred assets, other than prepaid insurance and prepaid taxes; (ii) patents, copyrights, trademarks, trade names, franchises, good will, experimental expenses and other similar assets which would be classified as "intangible assets" under GAAP; and (iii) treasury stock.

"Sublimit Advance" shall mean an Advance made pursuant to the Sublimit Facility.

"Sublimit Facility" shall mean a portion of the Revolving Loan in the amount of $8,000,000 so as to provide for, among other matters, the daily and automatic extension of Advances to the Borrower to cover overdrafts or checks written by the Consolidated Companies, and the payment on a daily basis of said Advances if and to the extent funds are available in the accounts of the Consolidated Companies at the Lender.

"Tangible Assets" shall mean all assets of the Consolidated Companies, all as determined in accordance with GAAP, but excluding Intangible Assets.

"Tangible Net Worth" shall mean the excess of (i) Tangible Assets over (ii) Total Liabilities.

"Total Liabilities" or "Liabilities" shall mean all liabilities and obligations of the Consolidated Companies, all as determined in accordance with GAAP, and shall include Funded Debt and current liabilities.

3. AMENDMENT OF EXISTING DEFINITIONS. The following definitions set forth in Section 1.01 of the Initial Loan Agreement are hereby amended as follows:

"Applicable Margin" shall mean:

(a) In regard to a Sublimit Advance, the Base Rate less 1.00% (i.e. 100 basis points);

(b) 0.00% for a Base Rate Advance;

(c) Until December 31, 1998, 0.45% for a Eurodollar Advance. On and after December 31, 1998, the Applicable Margin for a Eurodollar Advance shall be the percentage designated below based on the Borrower's Funded Debt to EBITDA, measured quarterly:

DEBT/EBITDA	≥2.50	≥1.75 but < 2.50	≥1.00 but <1.75	<1.00

Loan A	1.25%	.75%	.55%	.45%
Availability Fee	.25%	.20%	.15%	.125%

provided, however, that adjustments, if any, to the Applicable Margin based on changes in the Ratios set forth above shall be made and become effective on the first day of the second fiscal quarter after the Statement Date.

"Availability Fee" shall mean a per annum fee based upon the unused portion of the Revolving Loan Commitment of the Lender. Such fee shall be based upon ratio of the Borrower's Funded Debt to EBITDA as set forth in the chart under "Applicable Margin", which fee is to be based (calculated on an actual/360 day year) on the average daily unused portion of the Revolving Loan Commitment, and shall be payable to the Lender quarterly in arrears on the last calendar day of each fiscal quarter of Borrower and on the Maturity Date.

"Interest Period" shall mean with respect to Eurodollar Advances, the period of 1, 2, or 3 months selected by the Borrower under Section 4.4 hereof.

"Maturity Date" shall mean the earlier of (i) October 15, 2000 , unless said dater is otherwise extended as provided under Section 2.4, hereof, and (ii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable pursuant to the provisions of Article IX hereof.

"Permitted Acquisitions" shall mean the acquisition, by merger, consolidation, purchase or otherwise, by any Consolidated Company of any Person where substantially all the assets or stock of said Person who is not affiliated with the Borrower are purchased, to the extent the purchase price or the value of said acquisition is less than $25,000,000 (determined as including any Funded Debt to be assumed in said acquisition), and after which no event of default will occur or be continuing. To be a "Permitted Acquisition," any such acquisition must be in the same line of business as is the Borrower.

"Revolving Loan Commitment" shall mean the amount of $50,000,000 as the same may be decreased from time to time as a result of any reduction thereof pursuant to Section 2.5 hereof, or any amendment thereof pursuant to Section 11.2 hereof.

4. AMENDMENTS TO INITIAL LOAN AGREEMENT. The Initial Loan Agreement is hereby amended as follows:

(a) In regard to Section 2.1(b), and the number of Borrowings which may be made hereunder, the number "six" is amended to read "ten". Further, for the purposes of determining the number of Borrowings, all Sublimit Advances and Base Rate Advances shall be considered as one Borrowing.

(b) Section 2.3 regarding payment of interest is amended in its entirety to read as follows:

"Section 2.3 Payment of Interest.

(a) Borrower agrees to pay interest in respect of all unpaid principal amounts of the Revolving Loans from the respective dates such principal amounts were advanced to maturity (whether by acceleration, notice of prepayment or otherwise) at rates per annum (computed on the basis of a 360 day year for the actual number of days elapsed) equal to the applicable rates indicated below:

(i) For Sublimit Advances - The Base Advance Rate in effect from time to time less 1.00% (i.e. 100 basis points).

(ii) For Base Rate Advances - The Base Advance Rate in effect from time to time; and

(iii) For Eurodollar Advances - The relevant LIBOR Advance Rate.

(b) Interest on each Loan shall accrue from and including the date of such Loan to but excluding the date of any repayment thereof; provided that, if a Loan is repaid on the same day made, one day's interest shall be paid on such Loan. Interest on all outstanding Sublimit Advances and Base Rate Advances shall be payable quarterly in arrears on the last calendar day of each fiscal quarter of Borrower in each year. Interest on all outstanding Eurodollar Advances shall be payable on the last day of each Interest Period applicable thereto, and, in the case of Eurodollar Advances having an Interest Period in excess of three months, on each day which occurs every three months after the initial date of such Interest Period. Interest on all Loans shall be payable on any conversion of any Advances comprising such Loans into Advances of another type and, on the Maturity Date.

(c) Section 2.4 regarding extension of the Maturity Date is amended in its entirety to read as follows:

"Section 2.4 Extension of Maturity Date. On each anniversary date of the Closing, the Borrower and the Lender will meet to review extending the Maturity Date by an additional one year period. If so agreed by both the Borrower and the Lender in writing, the Maturity Date will be so extended and no commitment or extension fee will be required."

(d) There is hereby added to Article II the following Section 2.6:

"Section 2.6 Sublimit Facility. In regard to the Sublimit Facility, the Borrower shall be entitled to Sublimit Advances from time to time, as follows:

(i) The Sublimit Facility is a part of the Revolving Loan Commitment with Sublimit Advances being Revolving Loans hereunder, and shall be subject to the terms and conditions of this Agreement, except as otherwise set forth in this Section 2.6.

(ii) The purpose of the Sublimit Facility is to cover overdrafts of operating accounts of the Consolidated Companies established at the Lender, on a daily basis. To be subject to the Sublimit Facility, the Borrower will need to so designate said account in a writing to the Lender (with said accounts being defined as the "Covered Accounts"). For the purposes of this Section, each Covered Account shall be deemed to be the demand deposit account of the Lender and the disbursement made as provided in Section 4.2 below."

(iii) At the end of each banking day, to the extent that checks presented for payment on any Covered Account exceed the balance then available in that Account, the Lender shall make a Sublimit Advance available to the Borrower by crediting said Account in the amount of said difference provided, however, (A) the aggregate amount of all Sublimit Advances outstanding at any time shall not exceed the principal amount of $8,000,000, and (B) the aggregate amount of all Revolving Loans do not exceed the Revolving Loan Commitment as set forth in Section 2.1(a).

(iv) At the end of each banking day, to the extent there is an excess balance in any Covered Account, said excess will be withdrawn from said Account and credited as a payment to the Sublimit Facility, with said payment being made toward principal.

The making of a Sublimit Advance and the corresponding crediting of said amount to the applicable Covered Account and the payment of the Sublimit Advance and the corresponding debiting of said Covered Account to the extent there is a positive balance in any Covered Account shall be done on a daily basis at the end of each banking day without the requirement of any Notice of Borrowing as set forth in Section 4.1 hereof."

(e) Section 4.4 regarding Interest Periods is hereby amended in its entirety to read as follows:

"Section 4.4 Interest Periods.

(a) In connection with the making or continuation of, or conversion into, each Eurodollar Advance, Borrower shall select an Interest Period to be applicable to such Eurodollar Advance, which Interest Period shall be a 1, 2 or 3 month period; provided that:

(i) The initial Interest Period for any Borrowing of Eurodollar Advances shall commence on the date of such Borrowing and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) If any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day;

(iii) Any Interest Period in respect of Eurodollar Advances which begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall, subject to part (iv) below, expire on the last Business Day of such calendar month; and

(iv) No Interest Period shall extend beyond the Maturity Date.

(f) There is hereby added to Article VI the following Section 6.29 regarding Y2K compliance.

"Section 6.29 Y2K Compliance. The Borrower has taken reasonable steps to ensure that the Borrower's and each Subsidiary's software and hardware systems which impact or affect in any material way the business operations of the Borrower and its Subsidiaries will be Year 2000 Compliant and Ready (as defined below) by no later than June 30, 1999. Because the Borrower and its Subsidiaries are highly decentralized in their operations, a comprehensive Y2K plan has not been developed. However, upon request of the Lender, the Borrower will prepare a summary of the Y2K measures it has taken and shall make those of its information technology employees and consultants who are in charge of the Borrower's Y2K compliance available to answer questions from the Lender. As used herein, "Year 2000 Compliant and Ready" means that the Borrower's and each Subsidiary's hardware and software systems with respect to the operation of their business and their general business plan will: (i) handle date information involving any and all dates before, during and/or after January 1, 2000, including accepting input, providing output and performing dated calculations in whole or in part; (ii) operate accurately without interruption on and in respect of any and all dates before, during and/or after January 1, 2000 and without any change in performance; (iii) respond to and process two-digit year input without creating any ambiguity as to the century; and (iv) store and provide date input information without creating any ambiguity as to the century.

(g) Subsection 7.7(c) regarding the furnishing of a quarterly no default/compliance certificate is hereby amended in its entirety to read as follows:

"(c) No Default/Compliance Certificate. Together with the financial statements required pursuant to subsections (a), (b) and (c) above, a certificate of the president, chief financial officer or principal accounting officer of Borrower (i) to the effect that, based upon a review of the activities of the Consolidated Companies and such financial statements during the period covered thereby, there exists no Event of Default and no Default under this Agreement, or if there exists an Event of Default or a Default hereunder, specifying the nature thereof and the proposed response thereto, and (ii) demonstrating in reasonable detail compliance as at the end of such fiscal year or such fiscal quarter with Section 7.8 and Sections 8.1 through 8.4. In addition, along with said Compliance Certificate, the Borrower will furnish a quarterly report of all Funded Debt, in form reasonably acceptable to the Lender.

Simultaneously with the delivery of each set of annual and quarterly financial statements prior to July 1, 1999, a statement of the Chief Executive Officer, Chief Financial Officer, or Chief Technology Officer to the effect that nothing has come to his attention to cause him to believe that the Borrower's and its Subsidiary's hardware and software systems will not be Year 2000 Compliant and Ready (as defined below) on or before June 30, 1999.

(h) Section 7.8 regarding Financial Covenants is hereby amended in its entirety to read as follows:

"Section 7.8 Maintain the Following Financial Covenants.

(a) Net Worth of a minimum of the sum of (i) $65,000,000 (ii) 50% of cumulative Net Income after June 30, 1998, and (iii) 100% of net cash raised through contribution or issuance of new equity, less (iv) receivables from affiliates.

(b) A Fixed Charge Ratio of not less than 1.25 to 1.00 (The Fixed Charge Ratio is defined as (Net Income + Operating Lease Payments + Provision for Taxes + Interest Expense + Depreciation + Amortization - Capital Expenditures) / (Scheduled Principal Payment + Interest Expense + Operating Lease Payments + Dividends).

(c) A Debt to EBITDA ratio of not greater than 2.50 to 1.00. (This ratio is defined as (Revolving Debt + Guaranteed Debt + Term Debt)/(Net Income + Provision for Taxes + Interest Expense + Depreciation + Amortization).

Covenants will be tested quarterly on a rolling four quarter schedule."

(i) Section 7.10 regarding Additional Guarantors/Credit Parties/ Collateral is hereby amended in its entirety to read as follows:

"Section 7.10 Additional Guarantors/Credit Parties/Collateral. Promptly after (i) the formation or acquisition (provided that nothing in this Section shall be deemed to authorize the acquisition of any entity) of any Material Subsidiary not listed on Schedule 6.12, (ii) the transfer of assets to any Consolidated Company if notice thereof is required to be given pursuant to Section 7.7(m) and as a result thereof the recipient of such assets becomes a Material Subsidiary, (iii) the occurrence of any other event creating a new Material Subsidiary, Borrower shall cause to be executed and delivered a Guaranty Agreement from each such Material Subsidiary in the form attached hereto as Exhibit I, the joinder to the Contribution Agreement by such Material Subsidiary, a certificate to be added to the Pledge Agreement by the Person owning the Capital Stock of said Material Subsidiary by which all of the said Capital Stock is pledged to the Lender, and a certificate to be added to the Security Agreement from said Material Subsidiary whereby a first, perfected security interest in the assets of said Material Subsidiary is granted to the Lender, and such other documents as the Lender may reasonably request provided, however, for new Material Subsidiaries acquired after November 9, 1994, only the Capital Stock of said Material Subsidiary will be required to be pledged to the Lender, and said new Material Subsidiary will not be required to execute a guaranty or grant a security interest in its assets to the Lender.

(j) Section 8.1(e) regarding Intercompany Loans is amended in its entirety to read as follows:

"(e) The Intercompany Loans described on Schedule 6.22 and any other loans between Consolidated Companies not exceeding individually at any time the amount of $500,000 and in the aggregate at any time the amount of $1,000,000 (excluding Intercompany Loans listed on Schedule 6.22) provided that no loan or other extension of credit may be made by a Guarantor to another Consolidated Company that is not a Guarantor hereunder unless otherwise agreed in writing by the Lender;"

(j) Section 8.1(f) regarding unsecured, Subordinated Debt, is amended in its entirety to read as follows:

"(f) Unsecured, Subordinated Debt, not to exceed an aggregate amount of $25,000,000, and other Subordinated Debt in form and substance acceptable to the Lender and evidenced by its written consent thereto;"

(k) There is hereby added to Section 8.5 regarding investments, etc. the following new Subsection (j):

"(j) an investment in Graystone Capital Partners of $1,000,000."

(l) Section 8.17 regarding Guaranties is amended in its entirety regarding to read as follows:

"Section 8.17 Guaranties. Without the prior written consent of the Lender, extend or execute any Guaranty other than (i) endorsements of instruments for deposit or collection in the ordinary and normal course of business, (ii) Guaranties acceptable in writing to the Lender, and (iii) Guaranties for obligations of any Consolidated Subsidiary provided, however, said Guaranteed Indebtedness will not exceed the aggregate amount of $10,000,000 without the prior written consent of the Lender."

(m) Section 9.9 regarding Money Judgements is amended in its entirety to read as follows:

"Section 9.9 Money Judgment. A Judgment or order for the payment of money in excess of $1,000,000 or otherwise having a Materially Adverse Effect shall be rendered against any other Consolidated Company, and such judgment or order shall continue unsatisfied (in the case of a money judgment) and in effect for a period of 60 days during which execution shall not be effectively stayed or deferred (whether by action of a court, by agreement or otherwise). In regard to the foregoing, amounts which are fully covered by insurance shall not be considered in regard to the foregoing $1,000,000 limit."

(n) Section 9.13 regarding Management is deleted in its entirety.

5. MODIFICATION OF SCHEDULES. In regard to the Schedules attached to the Initial Loan Agreement, the Borrower reaffirms each of said Schedules except for the Schedules as set forth below, which Schedules are so amended (as of the date hereof) in the form attached to this Second Amendment:

Schedule 6.1	Organization and Ownership of Subsidiaries
Schedule 6.11	Employee Benefit Matters
Schedule 6.13	Outstanding Debt and Defaults
Schedule 6.28(a)	Places of Business

6. LOAN AGREEMENT. From and after the date of this Second Amendment, the term "Loan Agreement", shall mean the Initial Loan Agreement as modified by this Second Amendment. Further, to the extent applicable, all Loan Documents shall be deemed hereof to be automatically amended so as to refer to and reflect the transactions contemplated by this Second Amendment. This Second Amendment shall be deemed to be a permitted amendment to the Initial Loan Agreement and, accordingly, shall be deemed to be a Loan Document. The Loan Agreement shall not be incorporated by reference into the Note.

7. RATIFICATION. Except as set forth in this Second Amendment, the Borrower does hereby ratify and confirm the Initial Loan Agreement, along with its existing schedules and all other Loan Documents. In that regard, the Borrower does hereby agree with the Lender that in regard to each Loan Document, the Borrower has no claim, counterclaim, defense or other right of offset.

[Signature Pages on Following Pages]

SIGNATURE PAGE TO
SECOND AMENDMENT TO REVOLVING CREDIT AND LINE OF CREDIT AGREEMENT
BETWEEN SUNTRUST BANK, CENTRAL FLORIDA,
NATIONAL ASSOCIATION,
AND POE & BROWN, INC.

BORROWER:

POE & BROWN, INC.

By: /S/ WILLIAM A. ZIMMER
____
William A. Zimmer,
Vice President/Treasurer
and Chief Financial Officer

Address for Notices:
220 South Ridgewood Avenue
Daytona Beach, Florida 23115-2412

Attention: Chief Financial Officer

Telephone No.: (800) 877-2769
Telecopy No.: (904) 239-7252

In the case of Notices to the Borrower, copies shall be sent to:

Laurel L. Grammig
General Counsel
POE & BROWN, INC.
401 East Jackson Street
Suite 1700
Tampa, Florida 33602

Telephone No.:(813) 222-4277
Telecopy No.:(813) 222-4464

SIGNATURE PAGE TO
SECOND AMENDMENT TO REVOLVING CREDIT AND LINE OF CREDIT AGREEMENT
BETWEEN SUNTRUST BANK, CENTRAL FLORIDA,
NATIONAL ASSOCIATION,
AND POE & BROWN, INC.

SUNTRUST BANK, CENTRAL FLORIDA,
NATIONAL ASSOCIATION,

By: /S/ DARRYL J. WEAVER
____
Darryl J. Weaver,
First Vice President

Address for Notices:

200 South Orange Avenue
4th Floor, SAT.
Post Office Box 3833
Orlando, Florida 32897

Attention: Darryl J. Weaver,
First Vice President

Telephone No.: (407) 237-5352
Telecopy No.: (407) 237-4076

Lending Office:

200 South Orange Avenue
4th Floor, SAT.
Post Office Box 3833
Orlando, FL 32897

Attention: Darryl J. Weaver,
Vice President

Telephone No.: (407) 237-5352
Telecopy No.: (407) 237-4076

Revolving Loan Commitment: $50,000,000

Pro Rata Share of Revolving Loan Commitment: 100%

EXHIBIT 11

STATEMENT RE: COMPUTATION OF BASIC AND DILUTED EARNINGS PER SHARE

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
BASIC EARNINGS PER SHARE			
Net Income	$23,053	$18,666	$16,767
Weighted average shares outstanding	13,431	13,367	13,304
Basic earnings per share	$ 1.72	$ 1.40	$ 1.26
DILUTED EARNINGS PER SHARE			
Weighted average number of shares outstanding	13,431	13,367	13,304
Net effect of dilutive stock options, based on the treasury stock method	1	4	8
Total diluted shares used in Computation	13,432	13,371	13,312
Diluted earnings per share	$ 1.72	$ 1.40	$ 1.26

Exhibit 13

Portions of Poe & Brown's 1998 Annual Report to Shareholders

Financial Highlights

Year ended December 31,

(in thousands, except per share data)(1)

	1998	Percent Increase	1997	1996	1995	1994
Commissions and fees(2)	$150,443	12.9	$133,249	$123,544	$110,912	$104,830
Total revenues(3)	$153,791	11.0	$138,607	$128,161	$115,631	$110,731
Total expenses	$116,306	7.5	$108,147	$100,799	$ 91,847	$ 89,422
Income before taxes	$ 37,485	23.1	$ 30,460	$ 27,362	$ 23,784	$ 21,309
Net income (3,4)	$ 23,053	23.5	$ 18,666	$ 16,767	$ 15,285	$ 14,238
Net income per share(1)	$ 1.72	22.9	$ 1.40	$ 1.26	$ 1.15	$ 1.07
Weighted average number of shares outstanding	13,431		13,367	13,304	13,328	13,284
Dividends declared per share	$0.4100	16.0	$ 0.3533	$0.3267	$0.3200	$ 0.2800
Total assets	$230,513	12.7	$204,529	$188,114	$160,141	$150,480
Long-term debt	$ 17,207	175.0	$ 6,257	$ 5,401	$ 7,409	$ 8,091
Shareholders' equity(5)	$ 84,208	10.4	$ 76,230	$ 67,091	$ 54,259	$ 44,327

(1) All share and per-share information has been restated to give effect to the three-for-two common stock split, which became effective February 27, 1998. Prior years' results have been restated to reflect the stock acquisitions of Insurance West in 1995 and Daniel-James in 1998.

(2) See Notes 2 and 3 to consolidated financial statements for information regarding business purchase transactions which impact the comparability of this information.

(3) During 1994, the Company sold 150,000 shares of its investment in the common stock of Rock-Tenn Company for $2,314,000, resulting in a net after-tax gain of $1,342,000, or $0.1067 per share.

(4) During 1995 and 1994, the Company reduced its general tax reserves by $451,000 and $700,000, or $0.0333 and $0.0533 per share, respectively, as a result of reaching a settlement with the Internal Revenue Service on certain examination issues.

(5) Shareholders' equity as of December 31, 1998, 1997, 1996, and 1995 included net increases of $5,540,000, $6,744,000, $6,511,000 and $4,836,000, respectively, as a result of the Company's application of SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

In April of 1993, Poe & Associates, Inc., headquartered in Tampa, Florida, merged with Brown & Brown, Inc., headquartered in Daytona Beach, Florida, forming Poe & Brown, Inc. (the "Company"). Since that merger, the Company's operating results have steadily improved. The Company achieved pre-tax income from operations of $37,485,000 in 1998 compared to $30,460,000 in 1997 and $27,362,000 in 1996. Pre-tax income as a percentage of total revenues was 24.4% in 1998, 22.0% in 1997 and 21.3% in 1996. This upward trend is primarily the result of the Company's achievement of revenue growth and operating efficiency improvements.

The Company's revenues are comprised principally of commissions paid by insurance companies, fees paid directly by clients and investment income. Commission revenues generally represent a percentage of the premium paid by the insured and are materially affected by fluctuations in both premium rate levels charged by insurance underwriters and the volume of premiums written by such underwriters. These premium rates are established by insurance companies based upon many factors, none of which is controlled by the Company. Beginning in 1986 and continuing through 1998, revenues have been adversely influenced by a consistent decline in premium rates resulting from intense competition among property and casualty insurers for expanding market share. Among other factors, this condition of prevailing decline in premium rates, commonly referred to as a "soft market," has generally resulted in flat to reduced commissions on renewal business. The possibility of rate increases in 1999 is unpredictable.

Revenues are further impacted by the development of new and existing proprietary programs, fluctuations in insurable exposure units and the volume of business from new and existing clients, and changes in general economic and competitive conditions. For example, stagnant rates of inflation in recent years have generally limited the increases in insurable exposure units such as property values, sales and payroll levels. Conversely, the increasing trend in litigation settlements and awards has caused some clients to seek higher levels of insurance coverage. Still, the Company's revenues continue to grow through quality acquisitions, intense initiatives for new business and development of new products, markets and services. The Company anticipates that results of operations for 1999 will continue to be influenced by these competitive and economic conditions.

On April 14, 1998, the Company acquired Daniel-James Insurance Agency, Inc. and Becky-Lou Realty Limited, through an exchange of shares. This transaction has been accounted for as a pooling-of-interests and, accordingly, the Company's consolidated financial statements have been restated for all periods prior to the acquisition to include the results of operations, financial positions and cash flows of the acquired entities.

During 1998, the Company acquired the assets of 19 general insurance agencies, several books of business (customer accounts) and the outstanding shares of one general insurance agency. Each of these transactions was accounted for as a purchase.

During 1997, the Company acquired three general insurance agencies and several books of business which were accounted for as purchases. On August 1, 1997, the Company acquired all of the outstanding stock of Shanahan, McGrath & Bradley, Inc. This transaction was accounted for as a pooling-of-interests; however, the financial statements for all prior periods were not restated due to the immaterial nature of the transaction.

Contingent commissions may be paid to the Company by insurance carriers based upon the volume and profitability of the business placed with such carriers by the Company and are primarily received in the first quarter of each year. In the last three years, contingent commissions have represented between 3.7% and 4.8% of total revenues.

Fee revenues are generated principally by the Service Division of the Company, which offers administration and benefit consulting services primarily in the workers' compensation and employee benefit self-insurance markets. Florida's legislative reform of workers' compensation insurance, as well as certain market factors, has resulted in increased competition in this service sector. In response to the increased competition, the

Company has offered value-added services that enabled it to increase 1998 fee revenue over that recognized in 1997. For the past three years, service fee revenues have generated an average of 9.3% of total commissions and fees.

Investment income consists primarily of interest earnings on premiums and advance premiums collected and not immediately remitted to insurance carriers, with such funds being held in a fiduciary capacity. Investment income also includes gains and losses realized from the sale of investments. In 1998, investment income included a $165,000 realized gain from the sale of the Company's investments in AmSouth Bancorporation and United States Filter Corporation, while in 1997, investment income included a $303,000 realized gain from the sale of the Company's investment in Fort Brooke Bank. In 1996, such sales were minimal and realized gains and losses were immaterial. The Company's policy is to invest its available funds in high-quality, short-term fixed income investment securities. The following discussion and analysis regarding results of operations and liquidity and capital resources should be considered in conjunction with the accompanying consolidated financial statements and related notes.

RESULTS OF OPERATIONS FOR THE YEARS ENDED

DECEMBER 31, 1998, 1997 AND 1996

Commissions and Fees

Commissions and fees increased 13% in 1998, 8% in 1997 and 11% in 1996. Excluding the effect of acquisitions, commissions and fees increased 2% in 1998, 6% in 1997 and 4% in 1996. The 1998 results reflect an increase in commissions for all of the Company's operating divisions, mainly through new business growth. In general, property and casualty insurance premium prices declined in 1998, which was primarily responsible for the slower growth rate; however, certain segments and industries had some increases in insurable exposure units during 1998.

Investment Income

Investment income decreased to $3,308,000 in 1998 compared to $4,214,000 in 1997 and $3,371,000 in 1996. This decrease is primarily due to lower levels of invested cash.

Additionally, the 1997 results included a $303,000 gain from the sale of the Company's investment in Fort Brooke Bank.

Other Income

Other income consists primarily of gains and losses from the sale and disposition of assets. During 1998, losses on the sale of customer accounts were $115,000 compared to gains of $646,000 in 1997 and $997,000 in 1996. The loss in 1998 is due primarily to the disposition of the Company's Charlotte, North Carolina operation.

Employee Compensation & Benefits

Employee compensation and benefits increased approximately 10% in 1998, 8% in 1997 and 9% in 1996. Employee compensation and benefits as a percentage of total revenue was 51% in 1998, down from 52% in 1997 and 1996. As of December 31, 1998, the Company had 1,370 full-time equivalent employees, compared to 1,176 at the beginning of the year. The increase in personnel in 1998 is primarily as a result of acquisitions. The 1998 increase in compensation and employee benefits of $7,319,000 is primarily attributable to the addition of new employees as a result of acquisitions.

Other Operating Expenses

Other operating expenses increased 3% in 1998, 6% in 1997, and 10% in 1996. Other operating expenses as a percentage of total revenues decreased to 20% in 1998 from 21% in 1997 and 22% in 1996.

Interest and Amortization

Interest expense decreased $401,000, or 42%, in 1998, and $11,000, or 1%, in 1997. Interest expense increased $35,000, or 4%, in 1996. The decrease in 1998 is due primarily to the payment of acquisition-related notes payable in early 1998.

Amortization expense increased $218,000, or 4%, in 1998, $429,000, or 8%, in 1997 and $635,000, or 14%, in 1996. The increase in 1998 is due to the additional

amortization of intangibles as a result of 1998 acquisitions. The increase in 1997 is due primarily to the write-off of the remaining intangible assets related to a terminated agreement totaling $670,000.

Income Taxes

The effective tax rate on income from operations was 38.5% in 1998, 38.7% in 1997, and 38.7% in 1996.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents of $42,174,000 at December 31, 1998 decreased by $6,394,000 from $48,568,000 at December 31, 1997. During 1998, $36,313,000 of cash was provided from operating activities and proceeds of $12,000,000 from long-term debt. From these amounts and existing cash balances, $29,608,000 was used to acquire businesses, $9,233,000 was used for purchases of the Company's stock, $7,811,000 was used to repay long-term debt, $5,494,000 was used for payment of dividends, $4,510,000 was used for additions to fixed assets and $1,146,000 was used for purchases of investments.

The Company's cash and cash equivalents of $48,568,000 at December 31, 1997 increased $15,395,000 from the December 31, 1996 balance of $33,173,000. During 1997, cash of $30,698,000 was provided from operating activities, proceeds of $597,000 from sales of fixed assets and customer accounts, proceeds of $557,000 from the sale of investments and proceeds of $1,044,000 from the exercise of stock options and issuances of common stock. Cash was used during 1997 primarily for payments on long-term debt and notes payable of $2,824,000, additions to fixed assets of $2,915,000, purchases of investments of $262,000, acquisitions of businesses of $3,072,000, repurchases of common stock of $5,860,000 and dividend payments of $4,636,000. The Company's cash and cash equivalents of $33,173,000 at December 31, 1996 increased $2,623,000 from the December 31, 1995 balance of $30,550,000. During 1996, cash of $28,408,000 was provided from operating activities, proceeds of $1,321,000 from

sales of fixed assets and customer accounts, proceeds of $1,118,000 from sales of investments and proceeds of $748,000 from the exercise of stock options and issuances of common stock. Cash was used during 1996 primarily for payments on long-term debt of $4,512,000, additions to fixed assets of $4,724,000, purchases of investments of $888,000, acquisitions of businesses of $12,523,000, repurchases of common stock of $1,802,000 and dividend payments of $4,523,000.

The Company's current ratio was 1.03 to 1.0, 1.11 to 1.0 and 1.02 to 1.0 as of December 31, 1998, 1997 and 1996, respectively. The decrease in the current ratio in 1998 was primarily attributable to the increased acquisition activity in 1998 and the resultant use of substantial cash.

In 1991, the Company entered into a long-term credit agreement with a major insurance company that provided for borrowings at an interest rate equal to the prime rate plus 1% (8.75% at December 31, 1998). At December 31, 1998, $4,000,000 (the maximum amount available for borrowings) was outstanding. In accordance with an August 1, 1998 amendment to the loan agreement, the amount available for borrowings will decrease by $1,000,000 each August beginning in 2000. This credit agreement requires the Company to maintain certain financial ratios and comply with certain other covenants.

In 1994, the Company entered into a revolving credit facility with a national banking institution that provided for borrowings of up to $10,000,000. During 1998, the Company amended the agreement to increase the facility to $50,000,000 and extend the maturity date to October, 2000. On borrowings of up to $8,000,000, the outstanding balance is adjusted daily based upon cash flows from operations. The interest rate on this portion of the facility is equal to the prime rate less 1% (6.75% at December 31, 1998). On borrowings under this facility in excess of $8,000,000, the interest rate is LIBOR plus 0.45% to 1.25%, depending on certain financial ratios that are calculated on a quarterly basis. A commitment fee of 0.125% per annum is assessed on the unused balance. At December 31, 1998 and 1997, $12,000,000 and $310,000, respectively, were outstanding against this facility.

The Company believes that its existing cash, cash equivalents, short-term investment portfolio, funds generated from operations and the availability of the bank line of credit will be sufficient to satisfy its normal financial needs through at least the end of 1999. Additionally, the Company believes that funds generated from future operations will be sufficient to satisfy its normal financial needs, including the required annual principal payments of its long-term debt and any potential future tax liability.

YEAR 2000 DATA CONVERSION

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

The Company has evaluated and identified the risks of failure of its information, financial and communication systems which may be adversely affected by Year 2000 issues. This internal assessment is approximately 90% complete at present and the Company expects to finish the assessment process by the end of March 1999. To date, extensive testing of systems has been performed. The Company may conduct further testing and/or an external evaluation following the conclusion of its internal assessment. To date, approximately $320,000 has been expended in systems upgrades directly relating to year 2000 issues. Present estimates for further expenditures to address Year 2000 issues are between $200,000 and $500,000.

Based on its assessments to date, the Company believes it will not experience any material disruption as a result of Year 2000 issues in processing information, interfacing with key vendors or with processing orders and billing. However, the Year 2000 issue creates risk for the Company from unforeseen problems in its own computer systems and from third parties on which the Company relies. Accordingly, the Company is requesting assurances from software vendors from which it has purchased or from which it may purchase software that the software sold to the Company will continue to correctly process date information through the Year 2000 and beyond. In addition, the Company is querying its independent brokers and insurance carriers as to their progress in identifying and addressing problems that their computer systems may experience in processing date

information as the year 2000 approaches and thereafter. However, there are no assurances that the Company will identify all date-handling problems in its business systems or that the Company will be able to successfully remedy Year 2000 compliance issues that are discovered.

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

FORWARD-LOOKING STATEMENTS

From time to time, the Company may publish "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or make oral statements that constitute forward-looking statements. These forward-looking statements may relate to such matters as anticipated financial performance of future revenues or earnings, business prospects, projected acquisitions or ventures, new products or services, anticipated market performance, compliance costs, and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, the Company cautions readers that a variety of factors could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These risks and uncertainties, many of which are beyond the Company's control, include,

but are not limited to: (i) competition from existing insurance agencies and new participants and their effect on pricing of premiums; (ii) changes in regulatory requirements that could affect the cost of doing business; (iii) legal developments affecting the litigation experience of the insurance industry; (iv) the volatility of the securities markets; (v) the potential occurrence of a major natural disaster in certain areas of the State of Florida, where the Company's business is concentrated, and (vi) general economic conditions. The Company does not undertake any obligation to publicly update or revise any forward-looking statements.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	Year ended December 31, 1998	1997	1996
REVENUES			
Commissions and fees	$150,443	$133,249	$123,544
Investment income	3,308	4,214	3,371
Other income	40	1,144	1,246
Total revenues	153,791	138,607	128,161
EXPENSES			
Employee compensation and benefits	79,116	71,797	66,542
Other operating expenses	30,777	29,754	28,079
Interest	560	961	972
Amortization	5,853	5,635	5,206
Total expenses	116,306	108,147	100,799
Income before income taxes	37,485	30,460	27,362
Income taxes	14,432	11,794	10,595
Net income	$ 23,053	$ 18,666	$ 16,767
Other comprehensive income, net of tax: Unrealized holding (loss) gain, net of tax benefit (expense) of $770 in 1998, ($149) in 1997 and ($1,136) in 1996 on securities	(1,204)	233	1,675
COMPREHENSIVE INCOME	$ 21,849	$ 18,899	$ 18,442
Basic and diluted earnings per share	$ 1.72	$ 1.40	$ 1.26
Weighted average number of shares outstanding	13,431	13,367	13,304

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	Year ended December 31, 1998	1997
ASSETS		
Cash and cash equivalents	$ 42,174	$ 48,568
Short-term investments	746	1,299
Premiums, commissions and fees receivable	69,186	66,753
Other current assets	9,840	8,249
Total current assets	121,946	124,869
Fixed assets, net	13,698	12,905
Intangibles, net	79,483	50,846
Investments	10,483	11,498
Other assets	4,903	4,411
Total assets	$230,513	$204,529
LIABILITIES		
Premiums payable to insurance companies	$ 89,405	$ 81,951
Premium deposits and credits due customers	8,379	7,035
Accounts payable and accrued expenses	16,122	17,629
Current portion of long-term debt	4,960	6,074
Total current liabilities	118,866	112,689

Long-term debt	17,207	6,257
Deferred income taxes	2,403	2,875
Other liabilities	7,829	6,478
Total liabilities	146,305	128,299
SHAREHOLDERS' EQUITY(1)		
Common stock, par value $.10 per share; authorized 70,000 shares; issued 13,498 shares at 1998 and 13,386 shares at 1997	1,350	1,339
Retained earnings	77,318	68,147
Accumulated other comprehensive income, net of tax effect of $3,542 at 1998 and $4,312 at 1997	5,540	6,744
Total shareholders' equity	84,208	76,230
Total liabilities and shareholders' equity	$230,513	$204,529

(1) Amounts shown for prior year's common stock and retained earnings have been restated to account for a three shares for two stock split, effected as a 50% common stock dividend.

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per share data)	Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
BALANCE, JANUARY 1, 1996	13,302	$ 1,330	$ 2,153	$ 45,940	$ 4,836	$ 54,259
Net income				16,767		16,767
Acquired and issued for employee stock benefit plans and stock acquisitions	(39)	(3)	(942)	(109)		(1,054)
Net increase in unrealized appreciation of available-for-sale securities					1,675	1,675
Cash dividends paid ($.3267 per share)				(4,556)		(4,556)
BALANCE, DECEMBER 31, 1996	13,263	1,327	1,211	58,042	6,511	67,091
Net income				18,666		18,666
Acquired and issued for employee stock benefit plans and stock acquisitions	123	12	(1,211)	(3,925)		(5,124)
Net increase in unrealized appreciation of available-for-sale securities					233	233
Cash dividends paid ($.3533 per share)				(4,636)		(4,636)
BALANCE, DECEMBER 31, 1997	13,386	1,339	-	68,147	6,744	76,230
Net income				23,053		23,053
Acquired and issued for employee stock benefit plans and stock acquisitions	112	11	-	(8,388)		(8,377)
Net decrease in unrealized appreciation of available-for-sale securities					(1,204)	(1,204)
Cash dividends paid ($.4100 per share)				(5,494)		(5,494)
BALANCE, DECEMBER 31, 1998	13,498	$ 1,350	$ -	$ 77,318	$ 5,540	$ 84,208

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year ended December 31, 1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 23,053	$ 18,666	$ 16,767
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	3,528	3,157	2,939
Amortization	5,853	5,635	5,206
Provision for doubtful accounts	-	250	17
Deferred income taxes	271	(94)	943
Net losses (gains) on sales of investments, fixed assets and customer accounts	406	(933)	(1,194)
Premiums, commissions and fees receivable increase	(2,324)	(345)	(6,317)
Other assets increase	(1,426)	(1,294)	(1,083)
Premiums payable to insurance companies increase	6,721	1,236	8,255
Premium deposits and credits due customers increase (decrease)	1,344	(294)	1,259
Accounts payable and accrued expenses (decrease) increase	(2,303)	4,937	2,104
Other liabilities increase (decrease)	1,190	(223)	(488)

Net cash provided by operating

activities	36,313	30,698	28,408
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets	(4,510)	(2,915)	(4,724)
Payments for businesses acquired, net of cash acquired	(29,608)	(3,072)	(12,523)
Proceeds from sales of fixed assets and customer accounts	220	597	1,321
Purchases of investments	(1,146)	(262)	(888)
Proceeds from sales of investments	1,030	557	1,118
Net cash used in investing activities	(34,014)	(5,095)	(15,696)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long-term debt	(7,811)	(2,824)	(4,512)
Proceeds from long-term debt	12,000	2,068	-
Exercise of stock options and issuances of stock	1,845	1,044	748
Purchases of stock	(9,233)	(5,860)	(1,802)
Cash dividends paid	(5,494)	(4,636)	(4,523)
Net cash used in financing activities	(8,693)	(10,208)	(10,089)
Net (decrease) increase in cash and cash equivalents	(6,394)	15,395	2,623
Cash and cash equivalents at beginning of year	48,568	33,173	30,550
Cash and cash equivalents at end of year	$42,174	$ 48,568	$ 33,173

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Poe & Brown, Inc. (the "Company") is a diversified insurance brokerage and agency that markets and sells primarily property and casualty insurance products and services to its clients. The Company's business is divided into four divisions: the Retail Division, which markets and sells a broad range of insurance products to commercial, professional and individual clients; the National Programs Division, which develops and administers property and casualty insurance and employee benefits coverage for professional and commercial groups nationwide; the Service Division, which provides insurance-related services such as third-party administration and consultation for workers' compensation and employee benefit self-insurance markets; and the Brokerage Division, which markets and sells excess and surplus commercial insurance primarily through non-affiliated independent agents and brokers.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Poe & Brown, Inc. and its subsidiaries. All significant intercompany account balances and transactions have been eliminated in consolidation.

As more fully described in Note 2-Mergers, the accompanying consolidated financial statements for all periods presented have been restated to show the effect of the acquisition of Daniel-James Insurance Agency, Inc. during 1998.

Revenue Recognition

Commissions relating to the brokerage and agency activity whereby the Company has primary responsibility for the collection of premiums from insureds are generally recognized as of the latter of the effective date of the insurance policy or the date billed to the customer. Commissions to be received directly from insurance companies are generally recognized when the amounts are determined. Subsequent commission adjustments, such as policy endorsements, are recognized upon notification from the insurance companies. Commission revenues are reported net of sub-broker commissions. Contingent commissions from insurance companies are recognized when received. Fee income is recognized as services are rendered.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments having maturities of three months or less when purchased. Premiums received from insureds but not yet remitted to insurance carriers are held in cash and cash equivalents in a fiduciary capacity.

Premiums, Commissions and Fees Receivable

In its capacity as an insurance broker or agent, the Company typically collects premiums from insureds and, after deducting its authorized commission, remits the premiums to the appropriate insurance companies. In other circumstances, the insurance companies collect the premiums directly from the insureds and remit the applicable commissions to the Company. Accordingly, as reported in the Consolidated Balance Sheets, "premiums" are receivable from insureds and "commissions" are receivable from insurance companies. "Fees" are receivable from customers pertaining to the Company's Service Division.

Investments

The Company's marketable equity securities have been classified as "available-for-sale" and are reported at estimated fair value, with the accumulated other comprehensive income (unrealized gains and losses), net of tax, reported as a separate component of shareholders' equity. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in investment income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in investment income.

Nonmarketable equity securities and certificates of deposit having maturities of more than three months when purchased are reported at cost, adjusted for other-than-temporary market value declines.

Accumulated other comprehensive income reported in shareholders' equity was $5,540,000 at December 31, 1998 and $6,744,000 at December 31, 1997, net of deferred income taxes of $3,542,000 and $4,312,000, respectively. The Company owned 559,970 shares of Rock-Tenn Company common stock at December 31, 1998 and 1997 which have been classified as non-current, available-for-sale securities. The Company has no current plans to sell these shares.

Fixed Assets

Fixed assets are stated at cost. Expenditures for improvements are capitalized and expenditures for maintenance and repairs are charged to operations as incurred. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in income. Depreciation has been provided using principally the straight-line method over the estimated useful lives of the related assets, which range from three to ten years. Leasehold improvements are amortized on the straight-line method over the term of the related leases.

Intangibles

Intangible assets are stated at cost less accumulated amortization, and principally represent

purchased customer accounts, non-compete agreements, purchased contract agreements, and the excess of costs over the fair value of identifiable net assets acquired (goodwill). Purchased customer accounts, non-compete agreements, and purchased contract agreements are being amortized on a straight-line basis over the related estimated lives and contract periods, which range from five to 15 years. The excess of cost over the fair value of identifiable net assets acquired is being amortized on a straight-line basis over 15 to 40 years. Purchased customer accounts are records and files obtained from acquired businesses that contain information on insurance policies and the related insured parties that is essential to policy renewals.

The carrying value of intangibles, corresponding with each agency division comprising the Company, is periodically reviewed by management to determine if the facts and circumstances suggest that they may be impaired. In the insurance brokerage and agency industry, it is common for agencies or customer accounts to be acquired at a price determined as a multiple of the corresponding revenues. Accordingly, the Company assesses the carrying value of its intangibles by comparison to a reasonable multiple applied to corresponding revenues, as well as considering the operating cash flow generated by the corresponding agency division. Any impairment identified through this assessment may require that the carrying value of related intangibles be adjusted; however, no impairments have been recorded for the years ended December 31, 1998, 1997 and 1996.

Income Taxes

The Company files a consolidated federal income tax return. Deferred income taxes are provided for in the consolidated financial statements and relate principally to expenses charged to income for financial reporting purposes in one period and deducted for income tax purposes in other periods, unrealized appreciation of available-for-sale securities, and basis differences of intangible assets.

Earnings Per Share

All share and per-share information in the financial statements has been adjusted to give

effect to the three-for-two common stock split which was effected as a 50% common stock dividend and which became effective on February 27, 1998.

Basic earnings per share (EPS) is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Basic EPS excludes dilution and Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted to common stock.

Newly Issued Accounting Standards

On January 1, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income" (SFAS 130). SFAS 130 establishes new standards for the reporting and display of comprehensive income and its components. Comprehensive income, as defined, includes all changes in equity (net assets) during a period from non-owner sources. Adoption of this Statement had no impact on the Company's consolidated financial position, results of operations or cash flows.

On January 1, 1998, the Company adopted SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information" (SFAS 131). SFAS 131 requires the Company to report summarized financial information concerning the Company's reportable segments, as disclosed in Note 14. Adoption of this Statement had no impact on the Company's consolidated financial position, results of operations or cash flows.

NOTE 2 MERGERS

On April 14, 1998, the Company issued 278,765 shares of its common stock in exchange for all of the outstanding stock of Daniel-James Insurance Agency, Inc. ("Daniel-James"), an Ohio corporation with offices in Perrysburg, Ohio and Indianapolis, Indiana, and for all of the outstanding membership interests of Becky-Lou Realty Limited ("Becky-Lou"), an Ohio limited liability company. This transaction has been accounted for as a pooling-of-interests and, accordingly, the Company's consolidated financial statements and related notes to the consolidated financial statements have been restated for all periods prior to the acquisition to

include the results of operations, financial positions and cash flows of Daniel-James and Becky-Lou.

The following table reflects the 1997 and 1996 individual operating results of the Company, Daniel-James and Becky-Lou.

(in thousands of dollars, except per share data)	Audited Poe & Brown	Unaudited Daniel-James	Becky-Lou	Combined
1997				
Revenues	$129,190	$ 9,215	$ 202	$138,607
Net Income	19,386	(774)	54	18,666
1996				
Revenues	$118,680	$ 9,279	$ 202	$128,161
Net Income	16,497	168	102	16,767

NET INCOME PER SHARE	1997	1996
As previously recorded	$ 1.48	$ 1.27
As combined	$ 1.40	$ 1.26

NOTE 3 ACQUISITIONS

During 1998, the Company acquired the assets of 19 general insurance agencies, several books of business (customer accounts) and the outstanding shares of one general insurance agency at an aggregate cost of $34,599,000, including $29,608,000 of net cash payments and notes payable of $4,991,000. These acquisitions were accounted for as purchases and substantially the entire cost was assigned to purchased customer accounts, non-compete agreements and goodwill.

The results of operations for the acquired companies have been combined with those of the Company since their respective acquisition dates. If the acquisitions had

occurred at the beginning of the years presented, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

	Unaudited Year ended December 31,		
(in thousands, except per share data)	1998	1997	1996
Total revenues	$162,543	$161,683	$151,308
Income before taxes	38,347	32,669	29,707
Net income	23,579	20,013	18,155
Earnings per share	$ 1.76	$ 1.50	$ 1.36

During 1997, the Company acquired four general insurance agencies and several books of business which were accounted for as purchases. The total cost of these acquisitions was $5,439,000, including $3,072,000 of cash payments and notes payable of $2,367,000. The total purchase price was assigned to purchased customer accounts and other intangible assets.

During 1996, the Company acquired three general insurance agencies, one insurance brokerage firm and several books of business which were all accounted for as purchases. The total cost of these acquisitions was $18,911,000, including $12,523,000 of cash payments and notes payable of $6,388,000. The total purchase price was assigned to purchased customer accounts, goodwill and other intangible assets.

Additional or return consideration resulting from acquisition contingency provisions is recorded as an adjustment to intangibles when the contingency occurs. Contingency payments totaling $1,536,000 were made in 1998. Contingency payments made in 1997 totaled $154,000, and no contingency payments were made during 1996. As of December 31, 1998, the maximum future contingency payments related to the 1998 acquisitions totaled $3,480,000.

NOTE 4 INVESTMENTS

Investments at December 31 consisted of the following:

	1998 Carrying Value	
(in thousands)	Current	Non-Current
Available-for-sale marketable equity securities	$ 176	$ 10,483
Nonmarketable equity securities and certificates of deposit	570	-
Total investments	$ 746	$ 10,483

	1997 Carrying Value	
(in thousands)	Current	Non-Current
Available-for-sale marketable equity securities	$ 62	$ 11,498
Nonmarketable equity securities and certificates of deposit	1,237	-
Total investments	$ 1,299	$ 11,498

The following summarizes available-for-sale securities at December 31:

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
MARKETABLE EQUITY SECURITIES:				
1998	$ 1,576	$ 9,093	$ 10	$ 10,659
1997	$ 504	$ 11,057	$ 1	$ 11,560

In 1998, proceeds from sales of available-for-sale securities totaled $1,030,000, resulting in gross realized gains of $165,000. Proceeds from sales of available-for-sale securities totaled $557,000 in 1997, resulting in gross realized gains and losses of $349,000 and ($23,000), respectively. In 1996, proceeds from sales of available-for-sale securities totaled $1,118,000, resulting in gross realized gains and losses of $91,300 and ($71,700), respectively.

Cash, cash equivalents, investments, premiums and commissions receivable, premiums payable to insurance companies, premium deposits and credits due customers, accounts payable and accrued expenses, and current and long-term debt are considered financial instruments. The carrying amount for each of these items at December 31, 1998 approximates its fair value.

NOTE 5 FIXED ASSETS

Fixed assets at December 31 consisted of the following:

(in thousands)	1998	1997
Furniture, fixtures and equipment	$ 30,453	$ 27,318
Land, buildings and improvements	1,361	1,245
Leasehold improvements	1,411	1,241
	$ 33,225	$ 29,804
Less accumulated depreciation	19,527	16,899
	$ 13,698	$ 12,905

Depreciation expense amounted to $3,528,000 in 1998, $3,157,000 in 1997, and $2,939,000 in 1996.

NOTE 6 INTANGIBLES

Intangibles at December 31 consisted of the following:

(in thousands)	1998	1997
Purchased customer accounts	$ 74,399	$ 56,063
Non-compete agreements	19,111	12,130
Goodwill	28,577	20,345
Acquisition costs	1,552	1,143
	123,639	89,681
Less accumulated amortization	44,156	38,835
	$ 79,483	$ 50,846

Amortization expense amounted to $5,853,000 in 1998, $5,635,000 in 1997, and $5,206,000 in 1996.

NOTE 7 LONG-TERM DEBT

Long-term debt at December 31 consisted of the following:

(in thousands)	1998	1997
Long-term credit agreement	$ 4,000	$ 4,000
Revolving credit facility	12,000	310
Notes payable from treasury stock purchases	647	879
Acquisition notes payable	5,520	4,958
Other notes payable	-	2,184
	22,167	12,331
Less current portion	4,960	6,074
Long-term debt	$ 17,207	$ 6,257

In 1991, the Company entered into a long-term credit agreement with a major insurance company that provided for borrowings at an interest rate equal to the prime rate plus 1% (8.75% at December 31, 1998). At December 31, 1998, $4,000,000 (the maximum amount currently available for borrowings) was outstanding. In accordance with an August 1, 1998 amendment to the loan agreement, the outstanding balance will be repaid in annual installments of $1,000,000 each August beginning in 2000. This credit agreement requires the Company to maintain certain financial ratios and comply with certain other covenants.

In 1994, the Company entered into a revolving credit facility with a national banking institution that provided for borrowings of up to $10,000,000. During 1998, the Company amended the agreement to increase the facility to $50,000,000 and extend the maturity date to October, 2000. On borrowings of up to $8,000,000, the outstanding balance is adjusted daily based upon cash flows from operations. The interest rate on this portion of the facility is equal to the prime rate less 1% (6.75% at December 31, 1998). On borrowings under this facility in excess of $8,000,000, the interest rate is LIBOR plus 0.45% to 1.25%, depending on certain financial ratios that are calculated on a quarterly basis.

A commitment fee of 0.125% per annum is assessed on the unused balance. At December 31, 1998 and 1997, $12,000,000 and $310,000, respectively, were outstanding against this facility.

Treasury stock notes payable are due to various individuals for the redemption of Brown & Brown, Inc. stock. These notes bear no interest and have maturities ranging from calendar years ending 1999 to 2001. These notes have been discounted at effective yields ranging from 7.9% to 8.75% for presentation in the consolidated financial statements.

Acquisition notes payable represent debt incurred to former owners of certain agencies acquired in 1998, 1997 and 1996. These notes, including future contingent payments, are payable in monthly and annual installments through 2001, including interest ranging from 5% to 6%.

Maturities of long-term debt for succeeding years are $4,960,000 in 1999, $13,966,000 in 2000, $1,241,000 in 2001, $1,000,000 in 2002 and $1,000,000 in 2003.

Interest expense included in the consolidated statements of income was $560,000 in 1998, $961,000 in 1997 and $972,000 in 1996.

NOTE 8 INCOME TAXES

At December 31, 1998, the Company had a net operating loss carryforward of $302,000 for income tax reporting purposes, portions of which expire in the years 1999 through 2013. This carryforward was derived from an agency acquired by the Company in 1998. For financial reporting purposes, a valuation allowance of $38,000 has been recognized to offset the deferred tax asset related to this carryforward.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for income tax reporting purposes. Significant components of the Company's deferred tax liabilities and assets as of December 31, are as follows:

(in thousands)	1998	1997
Deferred tax liabilities:		
Fixed assets	$ 1,228	$ 1,416
Net unrealized appreciation of available-for-sale securities	3,542	4,312
Installment sales	2	24
Prepaid insurance and pension	771	746
Intangible assets	208	44
Total deferred tax liabilities	5,751	6,542
Deferred tax assets:		
Deferred compensation	1,926	1,697
Accruals and reserves	1,010	1,175
Net operating loss carryforwards	179	220
Allowance for doubtful accounts	-	332
Other	271	281
Valuation allowance for deferred tax assets	(38)	(38)
Total deferred tax assets	3,348	3,667
Net Deferred Tax Liabilities	$ 2,403	$ 2,875

Significant components of the provision (benefit) for income taxes are as follows:

(in thousands)	1998	1997	1996
Current:			
Federal	$ 12,179	$ 10,332	8,570
State	1,955	1,730	1,374
Total current provision	14,134	12,062	9,944
Deferred:			
Federal	267	(228)	535
State	31	(40)	116
Total deferred (benefit) provision	298	(268)	651
Total tax provision	$ 14,432	$ 11,794	$ 10,595

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate is as follows:

(in thousands)	1998	1997	1996
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	3.4	3.7	3.3
Interest exempt from taxation and dividend exclusion	(0.2)	(0.8)	(0.5)
Non-deductible amortization	0.4	0.4	0.6
Other, net	(0.1)	0.4	0.3
Effective tax rate	38.5%	38.7%	38.7%

Income taxes payable were $773,000 and $612,000 at December 31, 1998 and December 31, 1997, respectively, and are reported as a component of accounts payable and accrued expenses.

NOTE 9 EMPLOYEE BENEFIT PLAN

The Company has an Employee Savings Plan (401(k)) under which substantially all employees with more than 30 days of service are eligible to participate. Under this plan, the Company makes matching contributions, subject to a maximum of 2.5% of each participant's salary. Further, the

Company provides for a discretionary profit sharing contribution for all eligible employees. The Company's contributions to the plan totaled $2,093,000 in 1998, $1,788,000 in 1997 and $1,541,000 in 1996.

NOTE 10 STOCK-BASED COMPENSATION AND INCENTIVE PLANS

Employee Stock Purchase Plan

The Company has adopted an employee stock purchase plan (the "Stock Purchase Plan"), which allows for substantially all employees to subscribe to purchase shares of the Company's stock at 85% of the lesser of the market value of such shares at the beginning or end of each annual subscription period. The total number of shares available for issuance under the Stock Purchase Plan as of December 31, 1998 was 750,000. As of December 31, 1998, 387,172 shares remained authorized and reserved for future issuance under this Plan.

The Company accounts for the Stock Purchase Plan under APB 25, under which no compensation expense has been recognized. Had compensation expense for the Stock Purchase Plan been determined consistent with SFAS 123, it would have had an immaterial effect on the Company's net income and earnings per share for the years ended December 31, 1998, 1997 and 1996.

Stock Performance Plan

The Company has adopted a stock performance plan, under which up to 900,000 shares of the Company's stock ("Performance Stock") may be granted to key employees contingent on the employees' years of service with the Company and other criteria established by the Company's Compensation Committee. Shares must be vested before participants take full

title to Performance Stock. Of the grants currently outstanding, specified portions will satisfy the first condition for vesting based on increases in the market value of the Company's common stock from the initial price specified by the Company. Awards satisfy the second condition for vesting on the earlier of: (i) 15 years of continuous employment with the Company from the date shares are granted to the participant; (ii) attainment of age 64; or (iii) death or disability of the participant. Dividends are paid on unvested Performance Stock that has satisfied the first vesting condition, and participants may exercise voting privileges on such shares. At December 31, 1998, 610,040 shares had been granted under the plan at initial stock prices ranging from $15.17 to $34.00. As of December 31, 1998, 368,835 shares had met the first condition for vesting. The compensation element for Performance Stock is equal to the fair market value of the shares at the date the first vesting condition is satisfied and is expensed over the remaining vesting period. Compensation expense related to this Plan totaled $732,000 in 1998 and $175,000 in 1997.

NOTE 11 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

The Company's significant non-cash investing and financing activities and cash payments for interest and income taxes are as follows:

	Year ended December 31,		
(in thousands)	1998	1997	1996
Unrealized (depreciation) appreciation of available-for-sale securities net of tax benefit (expense) of $770 for 1998, ($149) for 1997 and ($1,136) for 1996	$ (1,204)	$ 233	$ 1,675
Notes payable issued for purchased customer accounts	4,991	2,367	6,388
Notes received on the sale of fixed assets and customer accounts	1,249	187	557
Cash paid during the year for:			
Interest	854	725	910
Income taxes	14,112	11,211	10,609

NOTE 12 COMMITMENTS AND CONTINGENCIES

The Company leases facilities and certain items of office equipment under noncancelable operating lease arrangements expiring on various dates through 2005. The facility leases generally contain renewal options and escalation clauses based on increases in the lessors' operating expenses and other charges. The Company anticipates that most of these leases will be renewed or replaced upon expiration. At December 31, 1998, the aggregate future minimum lease payments under all noncancelable lease agreements were as follows:

Year Ending December 31,	(in thousands)
1999	$ 6,330
2000	$ 5,530
2001	$ 5,101
2002	$ 4,952
2003	$ 3,915
Thereafter	$ 4,168
Total minimum future lease payments	$ 29,996

Rental expense in 1998, 1997 and 1996 for operating leases totaled $5,540,000, $5,307,000 and $5,376,000, respectively.

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

NOTE 13 BUSINESS CONCENTRATIONS

Substantially all of the Company's premiums receivable from customers and premiums payable to insurance companies arise from policies sold on behalf of insurance companies. The Company, as broker and agent, typically collects premiums, retains its commission, and remits the balance to the insurance companies. A significant portion of business written by the Company is for customers located in Florida. Accordingly, the occurrence of adverse economic conditions or an adverse regulatory climate in Florida could have a material

adverse effect on the Company's business, although no such conditions have been encountered in the past.

For the years ended December 31, 1998, 1997 and 1996, approximately 17%, 20% and 22%, respectively, of the Company's revenues were from insurance policies underwritten by one insurance company. Should this carrier seek to terminate its arrangement with the Company, the Company believes other insurance companies are available to underwrite the business, although some additional expense and loss of market share could possibly result. No other insurance company accounts for as much as five percent of the Company's revenues.

NOTE 14 SEGMENT INFORMATION

The Company's business is divided into four divisions: the Retail Division, which markets and sells a broad range of insurance products to commercial, professional and individual clients; the National Programs Division, which develops and administers property and casualty insurance and employee benefits coverage solutions for both professional and commercial groups and trade associations nationwide; the Service Division, which provides insurance-related services such as third-party administration and consultation for workers' compensation and employee benefit self-insurance markets; and the Brokerage Division, which markets and sells excess and surplus commercial insurance primarily through non-affiliated independent agents and brokers. The Company conducts all of its operations in the United States.

The accounting policies of the reportable segments are the same as those described in Note 1-Summary of Significant Accounting Policies. The Company evaluates the performance of its segments based upon revenues and income before income taxes. Intersegment revenues are not significant.

Summarized financial information concerning the Company's reportable segments is shown in the following table. The "Other" column includes corporate-related items and, as it relates to segment profit, income and expense not allocated to reportable segments.

(in thousands)	Retail	Programs	Service	Brokerage	Other	Total
Year Ended December 31, 1998:						
Total Revenues	$100,348	$ 26,737	$ 14,025	$ 13,611	$ (930)	$ 153,791
Interest and other investment income	1,672	1,684	207	358	(613)	3,308
Interest expense	835	-	-	12	(287)	560
Depreciation and amortization	6,475	1,452	319	925	210	9,381
Income (loss) before income taxes	21,311	9,515	2,496	4,888	(725)	37,485
Total assets	125,916	59,686	5,421	29,850	9,640	230,513
Capital expenditures	3,177	666	383	223	61	4,510
Year Ended December 31, 1997:						
Total Revenues	$ 85,035	$ 26,821	$ 12,333	$ 13,440	$ 978	$138,607
Interest and other investment income	1,266	1,904	183	421	440	4,214
Interest expense	111	-	-	313	537	961
Depreciation and amortization	5,594	1,203	335	783	877	8,792
Income (loss) before income taxes	14,999	9,657	1,964	4,783	(943)	30,460
Total assets	112,311	58,505	4,178	29,470	65	204,529
Capital expenditures	1,789	563	259	283	21	2,915
Year Ended December 31, 1996:						
Total Revenues	$ 77,514	$ 28,153	$ 10,206	$ 11,461	$ 827	$128,161
Interest and other investment income	1,144	1,840	169	237	(19)	3,371
Interest expense	48	-	-	264	660	972
Depreciation and amortization	5,631	1,277	292	764	181	8,145
Income (loss) before income taxes	13,885	8,929	1,683	3,210	(345)	27,362
Total assets	92,923	56,737	3,941	26,825	7,688	188,114
Capital expenditures	2,749	1,097	399	445	34	4,724

Revenue from insurance policies underwritten by one insurance company represents approximately $25,772,000 of the Company's consolidated revenues. All of the reported segments derive revenue from this insurance company.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS TO THE BOARD OF DIRECTORS OF POE & BROWN, INC.

We have audited the accompanying consolidated balance sheets of Poe & Brown, Inc. and

subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Poe & Brown, Inc. and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Orlando, Florida
January 21, 1999

EXHIBIT 22

POE & BROWN, INC. SUBSIDIARIES

Florida Corporations:

AMMIA, Inc.
Bill Williams Agency, Inc.
Boulton Agency, Inc.
Brown & Brown, Inc. - d/b/a Poe & Brown Benefits, Poe & Brown Financial Advisers, United Self Insured Services, Poe & Brown Insurance
C. D. Petrie, Inc.
Jerry F. Nichols & Associates, Inc.
Madoline Corporation
Underwriters Services, Inc.

Foreign Corporations:

A.G. General Agency, Inc. (TX)
P & O of Texas, Inc. (TX)
Poe & Associates of Illinois, Inc. (IL) - d/b/a Insurance Administration Center
Poe & Brown of Arizona, Inc. (AZ) - d/b/a Poe & Brown of Prescott, Poe & Brown of Tucson
Poe & Brown of California, Inc. (CA)
Poe & Brown of Colorado, Inc. (CO)
Poe & Brown of Connecticut, Inc. (CT)
Poe & Brown of Georgia, Inc. (GA)
Poe & Brown Insurance Benefits, Inc. (TX)
Poe & Brown Metro, Inc. (NJ)
Poe & Brown of North Carolina, Inc. (NC)
Poe & Brown of Ohio, Inc. (OH)
Poe & Brown of Pennsylvania, Inc. (PA)
Poe & Brown of Texas, Inc. (TX)

Indirect Subsidiaries:

America Underwriting Management, Inc. (FL)
DSD Insurance Agency, Inc. (AZ)
Ernest Smith Insurance Agency, Inc. (FL)
Florida Intracoastal Underwriters, Limited Co. (FL) (limited company)
Halcyon Underwriters, Inc. (FL)
The Homeowner Association Risk Purchasing Group, Inc. (AZ)
Hotel-Motel Insurance Group, Inc. (FL)
MacDuff America, Inc. (FL)
MacDuff Pinellas Underwriters, Inc. (FL)
MacDuff Underwriters, Inc. (FL) - d/b/a Roehrig & MacDuff
Nevada Apartment Insurance (NV)
Poe & Brown of Indiana, Inc. (IN)
Poe & Brown of Nevada, Inc. (NV)
Poe & Brown of New Mexico, Inc. (NM)
Shanahan, McGrath & Bradley, Inc. (AZ)
Thim Insurance Agency, Inc. (AZ)

Exhibit 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
of Poe & Brown, Inc.

As independent certified public accountants, we hereby consent to the incorporation of our report dated January 21, 1999, incorporated by reference in this Form 10-K, into the Company's previously filed Registration Statements (File Nos. 33-1900, 33-41204, 33-41825 and 333-14925).

ARTHUR ANDERSEN LLP

March 15, 1999
Orlando, Florida

Exhibit 24a

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and James L. Olivier, 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 the 1998 Annual Report on Form 10-K for Poe & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange 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

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Brad Currey

Dated: January 27, 1999

POWER OF ATTORNEY

The undersigned constitutes and appoints Laurel L. Grammig and James L. Olivier, 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 the 1998 Annual Report on Form 10-K for Poe & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange 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

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J. Hyatt Brown

Dated: January 27, 1999

POWER OF ATTORNEY

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/S/ KENNETH E. HILL

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Ken Hill

Dated: January 27, 1999

POWER OF ATTORNEY

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/S/ DAVID H. HUGHES

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David H. Hughes

Dated: January 27, 1999

POWER OF ATTORNEY

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/S/ JAN E. SMITH

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Jan E. Smith

Dated: January 27, 1999

POWER OF ATTORNEY

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/S/ T.J. HOEPNER

Theodore Hoepner

Dated: January 27, 1999

POWER OF ATTORNEY

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/S/ SAMUEL P. BELL

Sam Bell

Dated: January 27, 1999

POWER OF ATTORNEY

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/S/ JIM W. HENDERSON

Jim Henderson

Dated: January 27, 1999

POWER OF ATTORNEY

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/S/ TONI JENNINGS

Toni Jennings

Dated: January 27, 1999

POWER OF ATTORNEY

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/S/ JEFFREY R. PARO

Jeffrey R. Paro

Dated: March 15, 1999

EXHIBIT 24b

CERTIFIED RESOLUTIONS OF THE BOARD OF DIRECTORS

The undersigned, Laurel L. Grammig, hereby certifies that she is the duly elected, qualified and acting Secretary of Poe & Brown, Inc., a Florida corporation (the "Company"), and that the following resolutions were adopted by the Board of Directors of the Company by unanimous written consent dated as of February 16, 1999:

RESOLVED, that the February 15, 1999 draft of the Company's 1998 Annual Report on Form 10-K submitted to the Directors is hereby approved in form and substance, subject to any revisions, additions, deletions or insertions deemed necessary or appropriate by Laurel L. Grammig, the Company's Vice President, Secretary and General Counsel, and that the Chief Executive Officer and the Chief Financial Officer are hereby authorized to sign the Form 10-K on behalf of the Company, either personally or through a power of attorney, and to cause the Form 10-K to be filed with the Securities and Exchange Commission in accordance with the rules promulgated by the Commission;

FURTHER RESOLVED, that the appropriate officers of the Company are hereby authorized and directed to take all actions they deem necessary or appropriate, including the payment of any necessary filing fees, to carry out the intent of the foregoing resolution.

IN WITNESS WHEREOF, the undersigned Secretary of the Company has executed this Certificate this 10th day of March, 1999.

/S/ LAUREL L. GRAMMIG

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Laurel L. Grammig

Secretary

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1,000

YEAR
DEC-31-1998
DEC-31-1998
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746
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