## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

#### FORM 8-K

## CURRENT REPORT Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 28, 2019

### **BROWN & BROWN, INC.**

(Exact name of registrant as specified in its charter)

Florida	001-13619	59-0864469
(State or other jurisdiction	(Commission	(IRS Employer
of incorporation)	File Number)	Identification No.)

220 South Ridgewood Avenue, Daytona Beach, Florida 32114 (Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (386) 252-9601

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following

orovisio	ns:
	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
	Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)) by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 or Rule 12b- Securities Exchange Act of 1934

# Emerging growth company o If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

#### Item 2.02 Results of Operations and Financial Condition.

On January 28, 2019, Brown & Brown, Inc. issued a press release announcing its results of operations for the fourth quarter and year ended December 31, 2018. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information furnished herewith pursuant to Item 2.02 of this Current Report, including Exhibit 99.1, shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

#### **Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

99.1

The following exhibit is furnished herewith:

Exhibit No.

Press Release dated January 28, 2019.

Description

#### **SIGNATURES**

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

BROWN & BROWN, INC. (Registrant)

By: /S/ R. ANDREW WATTS

R. Andrew Watts, Chief Financial Officer

Date: January 28, 2019



January 28, 2019

#### **News Release**

R. Andrew Watts Chief Financial Officer (386) 239-5770

### BROWN & BROWN, INC. ANNOUNCES QUARTERLY REVENUES OF \$508.7 MILLION, AN INCREASE OF 7.3%, AND DILUTED NET INCOME PER SHARE OF \$0.26

(*Daytona Beach*, *Florida*) . . . Brown & Brown, Inc. (NYSE:BRO) (the "Company") today announced its unaudited financial results for the fourth quarter of 2018.

Revenues for the fourth quarter of 2018 under U.S. generally accepted accounting principles ("GAAP") were \$508.7 million, increasing \$34.4 million, or 7.3%, compared to the fourth quarter of the prior year, with commissions and fees increasing by 7.2%. Net income was \$73.5 million, decreasing \$114.0 million, or 60.8%, and diluted net income per share was \$0.26, decreasing by 60.6%, each as compared to the fourth quarter of the prior year, with the fourth quarter of the prior year including a one-time benefit to net income and diluted net income per share of \$120.9 million and \$0.43, respectively, due to the one-time impact of the Tax Cuts and Jobs Act of 2017 (the "Tax Reform Act"). Total Revenues - Adjusted and Excluding the New Revenue Standard<sup>(4)</sup> for the fourth quarter of 2018 were \$515.0 million, increasing 8.6%, with Organic Revenue<sup>(1)</sup> decreasing by 2.1%, each as compared to the fourth quarter of the prior year. Organic Revenue for the fourth quarter of 2018 was negatively impacted by the significant claims processing revenue we recognized in the fourth quarter of 2017 associated with weather-related events. Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard<sup>(6)</sup> increased to \$0.27, or 12.5%, compared to the fourth quarter of the prior year.

Revenues for the twelve months ended December 31, 2018 under GAAP were \$2,014.2 million, increasing \$132.9 million, or 7.1%, as compared to the same period of 2017, with commissions and fees increasing by 8.2%. Net income was \$344.3 million, decreasing \$55.3 million, or 13.8%, and diluted net income per share for the period was \$1.22, decreasing by 12.9%, each as compared to the same period of 2017, with 2017 including a one-time benefit of \$120.9 million and \$0.43, respectively, due to the one-time impact of the Tax Reform Act. For the twelve months ended December 31, 2018, our Total Revenues - Adjusted and Excluding the New Revenue Standard were \$1,995.8 million, increasing 7.2%, with Organic Revenue increasing by 2.4%, each as compared to 2017. Organic Revenue for 2018 was negatively impacted by the significant claims processing revenue we recognized in 2017 associated with weather-related events. Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard<sup>(6)</sup> increased to \$1.18, or 22.9%, compared to the same period of 2017, and Diluted Net Income Per Share - Adjusted<sup>(5)</sup> was \$1.23.

On January 1, 2018, we adopted FASB Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and Accounting Standards Codification (Topic 340) — Other Assets and Deferred Cost. Our adoption of the New Revenue Standard<sup>(2)</sup> has a significant impact on the timing of when revenues and related costs are recognized. The Company adopted this standard under the modified retrospective method, which does not require a restatement of prior period results. We believe it is important to include a presentation of our financial results on a more comparable basis. In order to accomplish this, we have presented the current year results on an adjusted basis to exclude the impact of the adoption of the New Revenue Standard so results are presented on the same revenue recognition methodology used by the Company prior to the adoption of the New Revenue Standard

For the three months ended December 31, 2018, the impact of the New Revenue Standard was a decrease in total revenues of \$6.3 million, a decrease in net income of \$3.3 million, and a decrease in diluted net income per share of \$0.01.

For the twelve months ended December 31, 2018 the impact of the New Revenue Standard was an increase in total revenues of \$18.4 million, an increase in net income of \$12.4 million, and an increase in diluted net income per share of \$0.04.

J. Powell Brown, President and Chief Executive Officer of the Company noted, "We are pleased with our continued growth and profitability in 2018. We continue to expand our capabilities to better serve our customers. I want to thank our 10,000 teammates for everything they do for our customers, and we look forward to another exciting year in 2019."

#### Reconciliation of Commissions and Fees to Organic Revenue Three and Twelve Months Ended December 31, 2018 and 2017 (in millions, unaudited)

		Three Mo	nths Ended	Twelve Months Ended			
	1	2/31/2018	<u>12/31/2017</u>	<u>12/31/2018</u>		12/31/2017	
Commissions and fees	\$	507.7	\$ 473.4	\$ 2,009.9	\$	1,857.3	
Profit-sharing contingent commissions		(15.9)	(6.8)	(55.9)		(52.2)	
Guaranteed supplemental commissions		(1.4)	(2.2)	(10.0)		(10.4)	
Core commissions and fees		490.4	464.4	1,944.0		1,794.7	
New Revenue Standard impact on core commissions and fees		15.5	_	(16.1)		_	
Acquisition revenues		(51.7)	_	(91.2)		_	
Divested businesses		_	(0.3)	_		(1.5)	
Organic Revenue		454.2	464.1	1,836.7		1,793.2	
Organic Revenue growth	\$	(9.9)		\$ 43.5			
Organic Revenue growth %		(2.1)%		2.4%			

<sup>(1) &</sup>quot;Organic Revenue," a non-GAAP measure, is defined as commissions and fees less (i) the first twelve months of commission and fee revenues generated from acquisitions, less (ii) profit-sharing contingent commissions (revenues from insurance companies based upon the volume and the growth and/or profitability of the business placed with such companies during the prior year - "contingents"), less (iii) guaranteed supplemental commissions (commissions from insurance companies based solely upon the volume of the business placed with such companies during the current year - "GSCs"), less (iv) divested business (net commissions and fees generated from offices, and books of business sold by the Company) with the associated revenue removed from the corresponding period of the prior year, and less (v) the impact of the New Revenue Standard<sup>(2)</sup>. Organic Revenue can be expressed as a dollar amount or a percentage rate when describing Organic Revenue growth. We view Organic Revenue and Organic Revenue growth as important indicators when assessing and evaluating our performance on a consolidated basis and for each of our segments, because it allows us to present a more comparable, but non-GAAP, measurement

of revenue growth that is associated with the revenue sources that were a part of our business in both the current and prior year and that are expected to continue in the future.

"New Revenue Standard," is defined to include Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and Accounting Standards Codification Topic 340 – Other Assets and Deferred Cost, both of which were adopted by the Company effective on January 1, 2018. We adopted these standards by recognizing the cumulative effect as an adjustment to opening retained earnings at January 1, 2018, also referred to as the modified retrospective method of adoption. Under the modified retrospective method, we are not required to restate comparative financial information prior to the adoption of these standards and, therefore, such information for the three and twelve months ended December 31, 2017 continues to be reported under our previous accounting policies.

## Reconciliation of Total Revenues to Total Revenues - Adjusted<sup>(3)</sup> and Total Revenues - Adjusted and Excluding the New Revenue Standard Three and Twelve Months Ended December 31, 2018 and 2017 (in millions, unaudited)

	Three Months Ended			Change			Twelve Mo	nths	Change				
	<u>17</u>	<u>2/31/2018</u>	<u>1</u> 2	<u>2/31/2017</u>	\$	<u>%</u>	<u>1</u>	<u>2/31/2018</u>	<u>1</u>	<u>2/31/2017</u>		\$	<u>%</u>
Total revenues	\$	508.7	\$	474.3	\$ 34.4	7.3%	\$	2,014.2	\$	1,881.3	\$	132.9	7.1%
Legal Settlement		_		_	_			_		(20.0)		20.0	
Total Revenues - Adjusted	\$	508.7	\$	474.3	\$ 34.4	7.3%	\$	2,014.2	\$	1,861.3	\$	152.9	8.2%
New Revenue Standard impact on total revenues		6.3		_	6.3			(18.4)		_		(18.4)	
Total Revenues - Adjusted and Excluding the New Revenue Standard		515.0	\$	474.3	\$ 40.7	8.6%	\$	1,995.8	\$	1,861.3	\$	134.5	7.2%

- (3) "Total Revenues Adjusted," a non-GAAP measure, is defined as total revenues, excluding the beneficial revenue impact of a \$20.0 million legal settlement in the first quarter of 2017 ("Legal Settlement").
- (4) "Total Revenues Adjusted and Excluding the New Revenue Standard," a non-GAAP measure, is defined as total revenues, excluding (i) the Legal Settlement, and (ii) the impact of the New Revenue Standard. We believe that Total Revenues Adjusted and Excluding the New Revenue Standard provides a more meaningful representation of our operating performance and improves the comparability of our results between periods by excluding the impact of the New Revenue Standard and certain other non-recurring or infrequently occurring items that have a high degree of variability from period-to-period and that we believe are not indicative of the Company's ongoing performance.

#### **Reconciliation of Diluted Net Income Per Share to**

## Diluted Net Income Per Share - Adjusted and Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard Three and Twelve Months Ended December 31, 2018 and 2017 (unaudited)

	Three Mo	nths Ended	(	Change	Twelve Mo	nths Ended	Ch	ange
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>\$</u>	<u>%</u>	<u>12/31/2018</u>	12/31/2017	<u>\$</u>	<u>%</u>
Diluted net income per share	\$ 0.26	\$ 0.66	\$ (0.4)	(60.6)%	\$ 1.22	\$ 1.40	\$ (0.18)	(12.9)%
Legal Settlement	_	_	_		_	(0.04)	0.04	
Tax Reform Act	_	(0.43)	0.43		_	(0.43)	0.43	
Change in estimated acquisition earn-out payables  Diluted Net Income Per Share - Adjusted	0.26	0.24		8.3 %	0.01	0.02	(0.01) (9) <b>0.27</b>	28.1 %
New Revenue Standard impact on diluted net income per share	0.23		0.01	0.5 /0	(0.04)	<b>U.30</b>	(0.04)	20.1 /0
Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard	\$ 0.27	\$ 0.24	0.03	12.5 %	\$ 1.18 <sup>(8</sup>	\$ 0.96	\$ 0.22	22.9 %

- (5) "Diluted Net Income Per Share Adjusted," a non-GAAP measure, is defined as diluted net income per share, excluding (i) the Legal Settlement, (ii) the one-time impact of the Tax Reform Act, and (iii) the change in estimated acquisition earn-out payables. The Company historically presents Diluted Net Income Per Share Adjusted because we believe it provides a meaningful representation of our operating performance and improves the comparability of our results between periods by excluding the impact of the change in estimated acquisition earn-out payables and certain other non-recurring or infrequently occurring items that have a high degree of variability from period-to-period and that we believe are not indicative of the Company's ongoing performance. For 2018, the Company presented a new measure that further adjusts for the impact of the adoption of the New Revenue Standard to compare periods on the same basis of accounting as defined in footnote (6) below.
- (6) "Diluted Net Income Per Share Adjusted and Excluding the New Revenue Standard," a non-GAAP measure, is defined as diluted net income per share, excluding (i) the Legal Settlement, (ii) the one-time impact of the Tax Reform Act, (iii) the change in estimated acquisition earn-out payables, and (iv) the impact of the New Revenue Standard. We believe that Diluted Net Income Per Share Adjusted and Excluding the New Revenue Standard provides a more meaningful representation of our operating performance and improves the comparability of our results between periods by excluding the impact of the change in estimated acquisition earn-out payables, the New Revenue Standard and certain other non-recurring or infrequently occurring items that have a high degree of variability from period-to-period and that we believe are not indicative of the Company's ongoing performance.
- (7) Due to rounding, the numbers in this column do not add up to the total indicated. The Diluted Net Income Per Share Adjusted and Excluding the New Revenue Standard for the three months ended December 31, 2017 was \$0.2373, which equals \$0.6624, minus the one-time impact of the Tax Reform Act of \$0.4272, plus the impact of the change in estimated acquisition earn-out payables of \$0.0021.
- (8) Due to rounding, the numbers in this column do not add up to the total indicated. The Diluted Net Income Per Share Adjusted and Excluding the New Revenue Standard for the year ended December 31, 2018 was \$1.1836, which equals \$1.2195, plus the impact of the change in estimated acquisition earn-out payables of \$0.0078, minus the impact of the New Revenue Standard of \$0.0437.
- (9) Due to rounding, the numbers in this column do not add up to the total indicated. The Diluted Net Income Per Share Adjusted and Excluding the New Revenue Standard for the year ended December 31, 2017 was \$0.9586, which equals \$1.4046, minus the impact of the Legal Settlement of \$0.0409 and the one-time impact of the Tax Reform Act of \$0.4251, plus the impact of the change in estimated acquisition earn-out payables of \$0.0200.

Income before income taxes for the fourth quarter of 2018 was \$100.7 million, a decrease of \$5.6 million or 5.3%, and Income Before Income Taxes Margin<sup>(10)</sup> decreased from 22.4% to 19.8%, each as compared to the fourth quarter of the prior year.

In order to provide a better understanding of our business, we evaluate EBITDAC<sup>(11)</sup> performance. We view EBITDAC, EBITDAC - Adjusted and Excluding the New Revenue Standard<sup>(12)</sup>, EBITDAC Margin<sup>(13)</sup> and EBITDAC Margin - Adjusted and Excluding the New Revenue Standard<sup>(14)</sup> as important indicators when assessing and evaluating our performance, as they present a more comparable, but non-GAAP, measurements of our operating margins in a meaningful and consistent manner. EBITDAC - Adjusted and Excluding the New Revenue Standard for the fourth quarter of 2018 was \$147.5 million, an increase of \$4.4 million, or 3.1%, compared to the fourth quarter of the prior year. EBITDAC Margin - Adjusted and Excluding the New Revenue Standard decreased from 30.2% to 28.6% in the fourth quarter of 2018, as compared to the fourth quarter of the prior year.

Income before income taxes for the twelve months ended December 31, 2018, was \$462.5 million, an increase of \$12.8 million or 2.8% and Income Before Income Taxes Margin decreased from 23.9% to 23.0%, as compared to the same period of 2017. EBITDAC - Adjusted and Excluding the New Revenue Standard for the twelve months ended December 31, 2018 was \$598.8 million, an increase of \$12.3 million, or 2.1%, as compared to the same period of 2017. EBITDAC Margin - Adjusted and Excluding the New Revenue Standard decreased from 31.5% to 30.0% for the twelve months ended December 31, 2018, as compared to the same period of 2017.

## Reconciliation of Income Before Income Taxes to EBITDAC and EBITDAC - Adjusted and Excluding the New Revenue Standard Three and Twelve Months Ended December 31, 2018 and 2017 (in millions, unaudited)

		Three Months Ended				<b>Twelve Months Ended</b>				
	<u>1</u>	<u>2/31/2018</u>		<u>12/31/2017</u>		<u>12/31/2018</u>		<u>12/31/2017</u>		
Income before income taxes	\$	100.7	\$	106.3	\$	462.5	\$	449.7		
Income Before Income Taxes Margin		19.8%		22.4%		23.0%		23.9%		
Amortization		23.5		21.0		86.5		85.4		
Depreciation		6.4		5.5		22.8		22.7		
Interest		11.9		9.4		40.6		38.3		
Change in estimated acquisition earn-out payables		0.5		0.9		3.0		9.2		
EBITDAC	\$	143.0	\$	143.1	\$	615.4	\$	605.3		
EBITDAC Margin		28.1%		30.2%		30.6%		32.2%		
Legal Settlement		_		_		_		(18.8)		
New Revenue Standard impact on EBITDAC		4.5		_		(16.6)		_		
EBITDAC - Adjusted and Excluding the New Revenue Standard	\$	147.5	\$	143.1	\$	598.8	\$	586.5		
EBITDAC Margin - Adjusted and Excluding the New Revenue		20.60/		20.20/		20.00/		D4 F0/		
Standard		28.6%		30.2%		30.0%		31.5%		

<sup>(10) &</sup>quot;Income Before Income Taxes Margin" is defined as income before income taxes divided by total revenues.

<sup>(11) &</sup>quot;EBITDAC," a non-GAAP measure, is defined as income before interest, income taxes, depreciation, amortization and the change in estimated acquisition earn-out payables.

<sup>(12) &</sup>quot;EBITDAC - Adjusted and Excluding the New Revenue Standard," a non-GAAP measure, is defined as EBITDAC, excluding (i) the Legal Settlement and (ii) the impact of the New Revenue Standard.

- (13) "EBITDAC Margin," a non-GAAP measure, is defined as EBITDAC divided by total revenues.
- (14) "EBITDAC Margin Adjusted and Excluding the New Revenue Standard," a non-GAAP measure, is defined as EBITDAC Adjusted and Excluding the New Revenue Standard divided by Total Revenues Adjusted and Excluding the New Revenue Standard. A reconciliation of total revenues to Total Revenues Adjusted and Excluding the New Revenue Standard is set forth in a table above in this press release.

## Brown & Brown, Inc. Consolidated Statements of Income

(in millions, except per share data; unaudited)

	Three Months Ended December 31,			Twelve Months Ended December 31,				
	2018		2017		2018		2017	
REVENUES				_				
Commissions and fees	\$	507.7	\$	473.4	\$	2,009.9	\$	1,857.3
Investment income		0.6		0.5		2.7		1.6
Other income, net		0.4		0.4		1.6		22.4
Total revenues		508.7		474.3		2,014.2		1,881.3
EXPENSES								
Employee compensation and benefits		278.0		258.2		1,068.9		994.7
Other operating expenses		88.4		73.2		332.1		283.5
Loss (Gain) on disposal		(0.7)		(0.2)		(2.2)		(2.2)
Amortization		23.5		21.0		86.5		85.4
Depreciation		6.4		5.5		22.8		22.7
Interest		11.9		9.4		40.6		38.3
Change in estimated acquisition earn-out payables		0.5		0.9		3.0		9.2
Total expenses		408.0		368.0		1,551.7		1,431.6
Income before income taxes		100.7		106.3		462.5		449.7
Income taxes (benefit)		27.2		(81.2)		118.2		50.1
Net income	\$	73.5	\$	187.5	\$	344.3	\$	399.6
Net income per share:								
Basic	\$	0.26	\$	0.68	\$	1.24	\$	1.43
Diluted	\$	0.26	\$	0.66	\$	1.22	\$	1.40
Weighted average number of shares outstanding - in thousands:								
Basic		272,677		270,784		270,991		272,580
Diluted		275,273		276,202		275,542		277,586
Dividends declared per share	\$	0.080	\$	0.075	\$	0.305	\$	0.280

#### Brown & Brown, Inc. Consolidated Balance Sheets

(in millions, except per share data, unaudited)

	De	ecember 31, 2018	De	ecember 31, 2017
ASSETS	_		-	
Current assets:				
Cash and cash equivalents	\$	439.0	\$	573.4
Restricted cash and investments		338.6		250.7
Short-term investments		12.9		25.0
Premiums, commissions and fees receivable		844.8		546.4
Reinsurance recoverable		65.4		477.8
Prepaid reinsurance premiums		337.9		321.0
Other current assets		128.7		47.9
Total current assets	-	2,167.3		2,242.2
Fixed assets, net		100.4		77.1
Goodwill		3,432.8		2,716.1
Amortizable intangible assets, net		898.8		641.0
Investments		17.4		13.9
Other assets		72.0		57.3
Total assets	\$	6,688.7	\$	5,747.6
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>-</u>			
Current liabilities:				
Premiums payable to insurance companies	\$	857.6	\$	685.2
Losses and loss adjustment reserve		65.2		476.7
Unearned premiums		337.9		321.0
Premium deposits and credits due customers		105.6		91.6
Accounts payable		87.3		64.2
Accrued expenses and other liabilities		279.4		228.8
Current portion of long-term debt		50.0		120.0
Total current liabilities		1,783.0		1,987.5
Long-term debt		1,457.0		856.1
Deferred income taxes, net		315.7		256.2
Other liabilities		132.4		65.1
Shareholders' equity:				
Common stock, par value \$0.10 per share; authorized 560,000 shares; issued 293,380 shares and outstanding 279,583 shares at 2018, issued 286,929 shares and outstanding 276,210 shares at 2017 - in		20.2		20.7
thousands		29.3		28.7
Additional paid-in capital		615.3		483.9
Treasury stock, at cost 13,797 and 10,719 shares at 2018 and 2017, respectively - in thousands		(477.6)		(386.3)
Retained earnings		2,833.6		2,456.4
Total shareholders' equity		3,000.6		2,582.7
Total liabilities and shareholders' equity	\$	6,688.7	\$	5,747.6

## Brown & Brown, Inc. Consolidated Statements of Cash Flows\*

(in millions, unaudited)

Ner income         \$ 34,43         \$ 30,900           Aljustments or reconcile net income to met cash provided by operating activities:         85.5         28.25           Depectation         22.8         22.72           Non-cash stock-based compensation         33.5         30.0           Change in estimated acquisition corn-out payables         31.0         9.2           Deferred income taxes         14.9         10.2           Amortization and disposal of deferred financing couts         11.5         1.7           No (Egalio) and siles of investments, fixed assets and customer accounts         10.25         10.25           Permisms on acquisition earn-out in excess of original estimated payables         10.25         10.25           Chonges in operating assets and flabilities, net of effect from acquisitions and divestitues:         41.24         10.0           Permisms on acquisition earn-out in excess of original estimated payables         41.24         10.0           Chonges in operating assets and flabilities, net of effect from acquisitions and destitues:         41.24         10.0           Premism on payable increase         41.24         10.0         10.2           Pringuiar information payable increase         41.11         37.4           Premism payable increase         41.11         37.4           Discess and loss adj		Twelve Months I	Ended December 31,
Name income         \$ 34,3         \$ 30,000           Acjustments o recorded net income to net cash provided by operating activities:         ————————————————————————————————————		2018	2017
Adjustments to reconcile net income to net catch provided by operating activities:         85.5         85.4           Annotization         86.5         82.8         22.8           No. cach stock-based compessation         33.5         30.6           Change in estimated acquisition earn-out payables         10.9         (10.2)           Amonization of dobt discount         10.2         0.2           Amonization and disposal of delevered financing costs         (1.9)         (1.8)           Net (gian) on sales of investments, fixed assers and customer accounts         (1.9)         (1.8)           Dayments on acquisition earn-out is excess of original estimated payables         (2.1)         (1.8)           Chause in operating assers and liabilities, net of effect from acquisitions and divestitures:         (2.2)         (1.6)           Reisusurace reportiums (increase)         (1.6)         (1.2)         (3.9)           Premium commissions and fees receivable (increase)         (2.1)         (1.6)         (1.2)           Other assess and liabilities, net of effect from acquisitions and divestitures         (1.2)         (3.9)           Premium deposition acrossopium (recesse)         (1.2)         (3.2)           Other assessition accesses (increase)         (1.2)         (3.2)           Premium appable to insurance companies increase         (1.1)<	Cash flows from operating activities:		
Amortization         86,5         6,84           Depreciation         22,8         22,7           Non-cash mode-based compensation         30,5         30,6           Change in estimated acquisition earn-out payables         30,0         92           Deferred income taxes         14,9         (102,2)           Amortization of debt discount         0,2         0,2           Amortization and disposal of deferred financing costs         1,5         1,7           Not (2gin) on sils of investments, fixed assets and customer accounts         (10,9)         (18,5)           Dampers on acquisition earn-outs in excess of original estimated payables         (10,9)         (14,5)           Changes in operating assets and liabilities, not of effort from acquisitions and divestimers         412,4         (399,7)           Deviancing assets and liabilities, not of effort from acquisitions and divestimers         412,4         (399,7)           Premiums payable increases         (10,6)         (14,3)           Other assets (increase)         (25,5)         (37,0)           Opperating a payable in increase         (11,1)         398,6           I Loss and Justiment reserve (fercrease)/increase         (21,1)         388,6           I Loss and provided by operating activities         (21,2)         (25,2) <td< td=""><td>Net income</td><td>\$ 344.3</td><td>\$ 399.6</td></td<>	Net income	\$ 344.3	\$ 399.6
Depreciation         22.8         22.7           Non-cash stork-based compensation         33.5         30.6           Change in estimated acquisition sear-out payables         14.9         (10.22)           Deferred income taxes         14.9         (10.22)           Amontization of debt discoust         0.2         0.2           Amontization and disposal of deferred financing cosis         1.15         1.7           Net (gain) on siles of investments, fixed saxes and customer accounts         (1.9)         (18.5)           Payments on acquisition earn-outs in sexess of diriginal estimated payables         (2.5)         (18.5)           Changes in operating assets and liabilities, not of effect from acquisitions and divestitures:         9.8         (43.9)           Recissuance recoverables decreases/(increase)         (9.5)         (42.4)           Other assets (increase)         (16.9)         (12.4)           Permium payable to insurance companies increase         11.8         7.8           Permium payable to insurance companies increase         11.8         7.8           Uncase and promiums increase         11.8         7.8           Losses and loss adjustment reserve (decrease)/increase         16.9         12.4           Accounts payable to insurance companies increase         16.9         12.2 <tr< td=""><td>Adjustments to reconcile net income to net cash provided by operating activities:</td><td></td><td></td></tr<>	Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash stock-based compensation         3.3         9.0           Change in estimated acquisition cam-out payables         3.0         9.0           Deferred means         1.6         1.0           Amortization of debt discount         0.2         0.2           Amortization and disposal of deferred financing coss         1.0         1.0           Nex (spin) on sales of investments, fixed assets and customer accounts         1.0         1.0           Payments on acquisition earn-outs in excess of original estimated payables         1.0         1.0           Changes in operating assets and labilities, net of effect mon acquisitions and divestitures:         1.0         1.0           Prepaid reinsurance promiums gasets and labilities, net of effect mon acquisitions and divestitures:         1.0         1.0           Peparatim payable in circurance companies increase         1.2         1.0           Peparatim payable to insurance companies increase         1.1         3.0           Permittion spayable increase         1.1         3.0           Losses and loss adjustment reserve (decrease)/increase         1.1         3.0           Losses and loss adjustment reserve (decrease)/increase         2.1         2.0           Accurace appreximant of premiums increase         1.1         3.0           Accurace appreximent reserve (decreases)/increase<	Amortization	86.5	85.4
Change in estimated acquisition earn-out payables         3,0         9.2           Deferred income taxes         1,49         (0.22)           Amortization of debt discount         0.2         0.2           Amortization of debt discount         1,5         1,7           Net (gain) on sales of investments, fixed assets and customer accounts         (1,5)         (1,8)           Payments on acquisition earn-outs in excess of original estimated payables         (2,5)         (4,5)           Charges in operating assets and liabilities, net of effect from acquisitions and divestitures:         8,30         (8,3)           Premiums, commissions and fees receivable (increase)         (12,4)         (39,7)           Retinarance recoverables decrease/finerease         (12,4)         (39,7)           Permiums (misconsance free receivable (increase)         (14,1)         37,4           Other assets (increase)         (14,1)         37,4           Permium apposable to insurance companies increase         (14,1)         39,8           Losses and loss adjustment reserve (idecrease) functease         (41,1)         39,8           Premium payable to increase         (22,9)         (25,2)           Ober asset flows allows the insultides (idecrease) functease         (22,9)         (25,2)           Ober tabilities (idecrease)         (22,9)	Depreciation	22.8	22.7
Deferred income axxes         4149         (1022)           Amoritzation of debrt discount         0.2         0.2           Amoritzation and disposal of deferred financing costs         1.5         1.7           Net (gain) on sales of investments, fixed assets and customer accounts         (1.9)         (1.8)           Payments on acquisition sam-outs in excess of original estimated payables         (2.0)         (2.0)           Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:         Wind a company of the compa	Non-cash stock-based compensation	33.5	30.6
Amortization of debt discount Amortization and disposal of deferred financing coss Any Net (gain) on sales of investments, fixed assets and customer accounts Payments on acquisition earn-cuts in excess of original estimated payables Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:  Premiums, commissions and fees receivable (increase) Reinsurace recoverables decrease/(increase) Premiums, commissions and fees receivable (increase) Reinsurace recoverables decrease/(increase) Reinsurace recoverables decrease/(increase) Prepald crissurance premiums (increase) Chother assets (increase) Chother assets (increase) Prepald crissurance premiums (increase) Chother assets (increase) Chother assets (increase) Premium payable to insurance companies increase Premium deposits and credits due customers increase Losses and loss adjustment reserve (decreaser)/increase Chother liabilities increase Chother liabilities Chother liabilities Chother liabilities Chother liabilities Chother liabilities Chother liabilities Chot	Change in estimated acquisition earn-out payables	3.0	9.2
Amortization and disposal of deferred financing costs Net (gain) on sales of investments. Excel assests and customer accounts Payments on acquisition earnous in excess of original estimated payables Payments on acquisition earnous in excess of original estimated payables Permiums, commissions and fees receivable (increase) Premiums, commissions and fees receivable (increase) Prepail oriensurance premiums (increase) Prepail reinsurance premiums (increase) Prepail definisurance premiums (increase) Premium appable to insurance companies increase Premium deposits and credits due customers increase Premium deposits and credits due customers increase Premium deposits and credits due customers increase 10.50 12.	Deferred income taxes	14.9	(102.2)
Net (gain) on sales of investments, fixed assets and customer accounts         (1.9)         (1.8)           Payments on acquisition carn-outs in excess of original estimated payables         (1.8)         (1.8)           Changes in operating assets and labilities, net or effect from acquisitions and divestitures:         (93.6)         (33.3)           Permiums, commissions and fees receivable (increase)         (16.9)         (12.4)           Reinsurance recoverables decreases/(increase)         (16.9)         (12.4)           Other assets (increase)         (22.5)         (39.7)           Premium payable to insurance companies increase         13.8         7.8           Premium popublic to insurance companies increase         13.8         7.8           Premium popublic in sucurance companies increase         13.8         7.8           Premium popublic in divisition decreasely increase         13.8         7.8           Losses and loss adjustment reserve (decrease) vincrease         16.9         12.4           Accounts payable increase         16.9         12.4           Accounts payable increase         16.9         26.5           Accounts payable increase         16.9         26.5           Net cash sover and other liabilities increase         17.9         6.6           Net cash provided by operating activities         57.9	Amortization of debt discount	0.2	0.2
Psyments on acquisition earn-outs in excess of original estimated payables         (12.5)         (14.5)           Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:         8         (3.5)         (3.3)           Premiums, commissions and fees receivable (increase)         (9.3)         (4.3)         (3.9)	Amortization and disposal of deferred financing costs	1.5	1.7
Changes in operating assets and liabilities, net of effect from acquisitions and divestituers:         43.6         43.3           Premiums, commissions and fees receivable (increase)         412.4         309.7           Rehinstance recoverables decrease/(increase)         (16.9)         11.2           Other assets (increase)         (22.5)         69.7           Permium by apyble to insurance companies increase         13.1         37.8           Premium doposits and credits due customers increase         13.8         7.8           Permium doposits and credits due customers increase         11.9         29.8           Losses and loss adjustment reserve (decrease)/increase         16.9         12.4           Accounts payable increase         16.9         12.8           Accounts payable increase         12.9         26.8           Accounts payable increase         12.9         26.5           Other liabilities (decrease)         6.9         32.3           Net cash provided by operating activities         41.5         42.2           Cobbins from investing activities         41.5         42.2           Powents on lives of fixed assets and customer accounts         41.5         42.2           Provents on sales of investing activities         17.9         6.           Powents on sales of investing activ	Net (gain) on sales of investments, fixed assets and customer accounts	(1.9)	(1.8)
Premiums, commissions and fees receivable (increase)         (43.3)           Reinsurance recoverables decrease/(increase)         (16.9)         (12.4)           Prepal reinsurance premiums (increase)         (16.9)         (12.4)           Other assets (increase)         (21.5)         (37.6)           Premium spayable to insurance companies increase         (141.1)         37.4           Premium apositis and credits due customers increase         (141.5)         39.86           Losses and loss adjustment reserve (decrease)/increase         (16.9)         12.24           Accounts payable increase         (16.9)         12.24           Accounts payable increase         16.9         12.4           Accounts payable increase         21.9         26.8           Other liabilities (decrease)         22.8         25.5           Other liabilities (decrease)         (29.0)         32.3           Accrued expenses and other liabilities increase         (29.0)         32.3           Other Liabilities (decrease)         (29.0)         32.3           Act and provided by operating activities         (30.0)         4.0           Powentilibilities (decreases)         (41.0)         4.2           Powentilibilities (decreases)         (31.0)         4.0           Proceeds from sale	Payments on acquisition earn-outs in excess of original estimated payables	(12.5)	(14.5)
Reinsumance recoverables decrease/(increase)         412,4         (399,7)           Prepaid reinsurance premiums (increase)         (16,9)         (12,4)           Other assets (increase)         (22,5)         (9,7)           Premium payable to insurance companies increase         141,1         37,4           Permium deposits and credits due customers increase         13,8         7,8           Losses and loss adjustment reserve (decrease)/increase         (411,5)         398,6           Unearned premiums increase         16,9         12,4           Accounts payable increase         21,9         62,8           Accrued expense and other liabilities increase         21,9         62,8           Other liabilities (decrease)         9,2         (32,3)           Accrued expenses and other liabilities increase         6,9         (32,2)           Other liabilities (decrease)         (9,2)         (32,2)           Net cash provided by operating activities         41,0         (22,2)           Payments for businesses acquired, net of cash acquired         (92,3)         (41,5)           Proceeds from sales of investments         10,5         (42,2)           Proceeds from sales of investments         (9,3)         (62,0)           Perceeds from sales of investments         (9,3)	Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:		
Prepaid reinsurance premiums (increase)         (16.9)         (12.4)           Other assets (increase)         (22.5)         (9.7)           Premiums payable to insurance companies increase         14.1         37.4           Premium deposits and credits due customers increase         13.8         7.8           Losses and loss adjustment reserve (decrease)/increase         (411.5)         39.6           Uncarned premiums increase         21.9         26.8           Accounts payable increase         21.9         26.8           Accounts payable increase         21.9         32.3           Accounts payable increase         29.8         25.5           Other liabilities (decrease)         6.2         32.2           Pote the provided by operating activities         56.5         42.0           Set Insurance stanger provided by operating activities         41.0         42.2           Power and provided by operating activities         41.5         42.2           Payments for businesses acquired, net of cash acquired         92.3         41.5           Power form sales of fixed assets and customer accounts         9.3         10.6           Proceeds from sales of investments         1.0         6.2           Proceeds from financing activities         30.0         -2 <tr< td=""><td>Premiums, commissions and fees receivable (increase)</td><td>(93.6)</td><td>(43.3)</td></tr<>	Premiums, commissions and fees receivable (increase)	(93.6)	(43.3)
Other assets (increase)         (22.5)         (9.7)           Premium payable to insurance companies increase         14.1         37.4           Premium deposits and credits due customers increase         13.8         7.8           Losses and loss adjustment reserve (decrease)/increase         (411.5)         39.8           Uneamed premiums increase         16.9         12.4           Accounts payable increase         21.9         26.8           Accrued expense and other liabilities increase         22.9         30.3           Accrued expense sand other liabilities increase         22.9         30.2           Other liabilities (decrease)         9.0         30.3           Net cash provided by operating activities         56.5         44.0           Cash flows from investing activities         41.5         42.2           Payments for businesses acquired, net of cash acquired         92.3         41.5           Proceeds from sales of livestinents         9.0         4.0           Proceeds from sales of investing activities         9.0         6.0           Payments on acquisition earn-outs         17.0         6.0           Payments on acquisition earn-outs         17.0         9.0           Payments on nong-term debt         10.0         9.0           De	Reinsurance recoverables decrease/(increase)	412.4	(399.7)
Premiums payable to insurance companies increase         14.1.1         37.4           Premium deposits and credits due customers increase         13.8         7.8           Losses and loss adjustment reserve (decrease)/increase         16.9         12.4           Accounts payable increase         16.9         22.8           Accounts payable increase         21.9         26.8           Act Crued expenses and other liabilities increase         22.8         25.5           Other liabilities (decrease)         69.2         32.3           Net cash provided by operating activities         56.5         44.2           Powners for investing activities         49.2         40.2           Payments for businesses acquired, net of cash acquired         69.3         40.5           Powners for businesses acquired, net of cash acquired         69.3         40.5           Proceeds from sales of fixed assets and customer accounts         5.0         4.1           Purchase of investments         69.3         40.5           Proceeds from sales of fixed assets and customer accounts         9.8         60.2           Proceeds from financting activities         69.1         60.2           Proceeds from financting activities         69.1         60.2           Payments on acquisition earn-outs         10.2	Prepaid reinsurance premiums (increase)	(16.9)	(12.4)
Premium deposits and credits due customers increase         13.8         7.8           Losses and loss adjustment reserve (decrease) increase         (41.5)         39.86           Unearned premiums increase         16.9         12.4           Accounts payable increase         21.9         6.85           Actual expenses and other liabilities increase         29.9         32.5           Obber liabilities (decrease)         69.2         32.3           Net cash provided by operating activities         40.2         40.2           Seath flows from investing activities         41.5         42.2           Payments for businesses acquired, net of cash acquired         92.3         41.5           Proceeds from sales of fixed assets and customer accounts         9.3         (10.5)           Proceeds from sales of investments         19.3         (10.6)           Proceeds from sales of investments         19.3         (10.6)           Proceeds from sales of investing activities         19.0         6.0           Proceeds from sales of investing activities         19.0         6.0           Payments on acquisition earn-outs         19.0         (20.5)           Powners on acquisition earn-outs         10.0         (20.2)           Payments on long-term debt         10.0         (20.2)	Other assets (increase)	(22.5)	(9.7)
Losses and loss adjustment reserve (decrease)/increase         (41.15)         398.6           Unearned premiums increase         16.9         12.4           Accounts payable increase         21.9         26.8           Accrued expenses and other liabilities increase         22.8         25.5           Other liabilities (decrease)         (9.2)         (32.3)           Net cash provided by operating activities         567.5         44.20           Cash flows from investing activities         (92.3)         (41.5)           Additions to fixed assets         (1.5)         (24.2)           Poments for businesses acquired, net of cash acquired         (92.3)         (10.6)           Proceeds from sales of fixed assets and customer accounts         5.0         4.1           Proceeds from sales of investments         (9.3)         (10.6)           Proceeds from sales of investments         (9.3)         (10.6)           Proceeds from sales of investments         (9.1)         6.6           Proceeds from sales of investments         (9.1)         6.6           Proceeds from sales of investments         (9.1)         6.2           Proceeds from sales of investments         (9.1)         6.2           Proceeds from sales of investments         (9.1)         6.2	Premiums payable to insurance companies increase	141.1	37.4
Uneamed premiums increase         16,9         12,4           Accounts payable increase         21,9         26,8           Accrued expenses and other liabilities increase         22.8         25,5           Other liabilities (decrease)         69,2         32,3           Net cash provided by operating activities         567.5         44,20           Cash flows from investing activities         567.5         42,20           Additions to fixed assets         (41.5)         (24.2)           Payments for businesses acquired, net of cash acquired         (92.3)         (10.6)           Proceeds from sales of fixed assets and customer accounts         15.0         4.1           Proceeds from sales of investments         (9.3)         (10.6)           Proceeds from sales of investments         (9.3)         (6.2)           Proceeds from sales of investments         (1.0)         (9.2)           Pro	Premium deposits and credits due customers increase	13.8	7.8
Accounts payable increase         21.9         26.8           Accrued expenses and other liabilities increase         22.8         25.5           Other liabilities (decrease)         69.0         36.30           Net cash provided by operating activities         567.0         42.0           Cash flows from investing activities:	Losses and loss adjustment reserve (decrease)/increase	(411.5)	398.6
Accrued expenses and other liabilities increase         22.8         25.5           Other liabilities (decrease)         9.2         32.3           Net cash provided by operating activities         56.75         44.20           Cash flows from investing activities         8.2         4.2           Additions to fixed assets         (41.5)         (22.8)         4.2           Payments for businesses acquired, net of cash acquired         (92.3)         (41.5)         4.1           Proceeds from sales of fixed assets and customer accounts         5.0         4.1         4.2         4.2         4.1         4.1         4.1         4.2         4.2         4.2         4.2         4.2 <td>Unearned premiums increase</td> <td>16.9</td> <td>12.4</td>	Unearned premiums increase	16.9	12.4
Other laishliteits (decrease)         (9.2)         (32.3)           Net cash provided by operating activities         567.5         442.0           Cash flows from investing activities         8         44.2           Additions of fixed assets         (9.3)         (4.15)           By ayments for businesses acquired, net of cash acquired         9.3         4.1           Proceeds from sales of fixed assets and customer accounts         19.3         (10.6)           Proceeds from sales of investments         19.3         (10.6)           Not cash used in investing activities         19.3         (10.6)           Obs. Not Soft function activities         19.3         (20.6)           Cash flows from financing activities         19.0         (20.6)           Payments on acquisition earn-outs         (10.0)         (20.2)           Payments on Industrient activities         19.0         (20.2)           Payments on Industrient activities         19.0         (20.2)           Proceeds from long-term debt         19.0         (20.2)         (20.2)           Payments on Industry activities         60.0         (20.2)         (20.2)           Brownings on revolving credit facilities         19.5         17.4         (20.2)         (20.2)         (20.2)         (20.2)	Accounts payable increase	21.9	26.8
Net cash provided by operating activities         567.5         44.2 of 44.2	Accrued expenses and other liabilities increase	22.8	25.5
Cash flows from investing activities:           Additions to fixed assets         (41.5)         (24.2)           Payments for businesses acquired, net of cash acquired         (923.9)         (41.5)           Proceeds from sales of fixed assets and customer accounts         5.0         4.1           Purchases of investments         (9.3)         (10.6)           Proceeds from sales of investments         17.9         9.6           Net cash used in investing activities         (95.1)         (62.6)           Cash flows from financing activities         (95.1)         (62.6)           Payments on acquisition earn-outs         (14.0)         (29.2)           Proceeds from long-term debt         300.0         —           Payments on long-term debt         (0.8)         (2.8)           Deferred debt issuance costs         (0.8)         (2.8)           Borrowings on revolving credit facilities         600.0         —           Payments on revolving credit facilities         (95.0)         —           Issuances of common stock for employee stock benefit plans         19.5         17.4           Repurchase shares to fund tax withholdings for non-cash stock-based compensation         (12.1)         (7.5)           Purchase of treasury stock         (91.3)         (12.8)	Other liabilities (decrease)	(9.2)	(32.3)
Additions to fixed assets         (41.5)         (24.2)           Payments for businesses acquired, net of cash acquired         (923.9)         (41.5)           Proceeds from sales of fixed assets and customer accounts         5.0         4.1           Purchases of investments         (93.3)         (10.6)           Proceeds from sales of investments         (95.1)         66.0           Net cash used in investing activities         (95.1)         66.0           Cash flows from financing activities         11.0         69.0           Payments on acquisition earn-outs         (14.0)         69.2           Proceeds from long-term debt         30.0         —           Payments on long-term debt         (12.0)         (96.8)           Deferred debt issuance costs         (0.8)         (2.8)           Borrowings on revolving credit facilities         (50.0)         —           Payments on revolving credit facilities         (50.0)         —           Repurchase shares to fund tax withholdings for non-cash stock-based compensation         (12.1)         (7.6           Repurchase of treasury stock         (91.3)         (128.6)           Settlement of accelerated share repurchase program         (8.8)         (11.3)           Cash dividends paid         (8.7)         (77.7 <td>Net cash provided by operating activities</td> <td>567.5</td> <td>442.0</td>	Net cash provided by operating activities	567.5	442.0
Payments for businesses acquired, net of cash acquired         (923.9)         (41.5)           Proceeds from sales of fixed assets and customer accounts         5.0         4.1           Purchases of investments         (9.3)         (10.6)           Proceeds from sales of investments         17.9         9.6           Net cash used in investing activities         (951.8)         (62.6)           Cash flows from financing activities         14.0)         (29.2)           Payments on acquisition earn-outs         (14.0)         (29.2)           Payments on long-term debt         300.0         -           Payments on long-term debt         (12.0)         (96.8)           Deferred debt issuance costs         (0.8)         (2.8)           Borrowings on revolving credit facilities         (0.8)         (2.8)           Borrowings on revolving credit facilities         (250.0)         -           Repurchase shares to fund tax withholdings for non-cash stock-based compensation         (12.1)         (7.6)           Purchase of treasury stock         (91.3)         (128.6)           Settlement of accelerated share repurchase program         (8.8)         (11.3)           Cash dividends paid         (8.7)         (7.7)           Net cash provided by (used in) financing activities         337.8	Cash flows from investing activities:		
Proceeds from sales of fixed assets and customer accounts         5.0         4.1           Purchases of investments         (9.3)         (10.6)           Proceeds from sales of investments         17.9         9.6           Net cash used in investing activities         (95.1)         (62.6)           Cash flows from financing activities         14.0         (29.2)           Payments on acquisition earn-outs         (14.0)         (29.2)           Proceeds from long-term debt         300.0         —           Payments on long-term debt         (10.0)         (96.8)           Deferred debt issuance costs         (0.8)         (2.8)           Borrowings on revolving credit facilities         (250.0)         —           Bayments on revolving credit facilities         (250.0)         —           Bayments on revolving credit facilities         (250.0)         —           Bayments on revolving credit facilities         (11.1)         (7.6)           Repurchase shares to fund tax withholdings for non-cash stock-based compensation         (12.1)         (7.6)           Purchase of treasury stock         (91.3)         (12.8)           Settlement of accelerated share repurchase program         (8.8)         (11.3)           Cash dividends paid         (8.7)         (7.7)	Additions to fixed assets	(41.5)	(24.2)
Purchases of investments         (9.3)         (10.6)           Proceeds from sales of investments         (95.6)         (6.6)           Net cash used in investing activities         (95.1)         (6.2)           Cash flows from financing activities:         (14.0)         (29.2)           Payments on acquisition earn-outs         (14.0)         (29.2)           Proceeds from long-term debt         (30.0)         —           Payments on long-term debt         (12.0)         (96.8)           Deferred debt issuance costs         (0.8)         (2.8)           Borrowings on revolving credit facilities         600.0         —           Payments on revolving credit facilities         (250.0)         —           Issuances of common stock for employee stock benefit plans         19.5         17.4           Repurchase shares to fund tax withholdings for non-cash stock-based compensation         (12.1)         (7.6)           Purchase of treasury stock         (91.3)         (128.6)           Settlement of accelerated share repurchase program         (8.8)         (11.3)           Cash dividends paid         (84.7)         (77.7)           Net cash provided by (used in) financing activities         337.8         (336.6)           Net (decrease)/increase in cash and cash equivalents inclusive of restricted	Payments for businesses acquired, net of cash acquired	(923.9)	(41.5)
Proceeds from sales of investments         17.9         9.6           Net cash used in investing activities         (951.8)         (62.6)           Cash flows from financing activities:         (14.0)         (29.2)           Payments on acquisition earn-outs         (14.0)         (29.2)           Proceeds from long-term debt         300.0         —           Payments on long-term debt         (12.00)         (96.8)           Deferred debt issuance costs         (0.8)         (2.8)           Borrowings on revolving credit facilities         600.0         —           Payments on revolving credit facilities         (250.0)         —           Issuances of common stock for employee stock benefit plans         19.5         17.4           Repurchase shares to fund tax withholdings for non-cash stock-based compensation         (12.1)         (7.6)           Purchase of treasury stock         (91.3)         (12.8)           Settlement of accelerated share repurchase program         (8.4)         (17.7)           Net cash provided by (used in) financing activities         337.8         (336.6)           Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash         46.5         42.8           Cash and cash equivalents inclusive of restricted cash at beginning of period         824.1         781.3	Proceeds from sales of fixed assets and customer accounts	5.0	4.1
Net cash used in investing activities         (62.6)           Cash flows from financing activities:         (14.0)         (29.2)           Payments on acquisition earn-outs         (14.0)         (29.2)           Proceeds from long-term debt         300.0         —           Payments on long-term debt         (120.0)         (96.8)           Deferred debt issuance costs         (0.8)         (2.8)           Borrowings on revolving credit facilities         600.0         —           Payments on revolving credit facilities         (250.0)         —           Issuances of common stock for employee stock benefit plans         19.5         17.4           Repurchase shares to fund tax withholdings for non-cash stock-based compensation         (12.1)         (7.6)           Purchase of treasury stock         (91.3)         (128.6)           Settlement of accelerated share repurchase program         (8.8)         (11.3)           Cash dividends paid         (84.7)         (77.7)           Net cash provided by (used in) financing activities         337.8         (336.6)           Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash         42.8           Cash and cash equivalents inclusive of restricted cash at beginning of period         824.1         781.3	Purchases of investments	(9.3)	(10.6)
Cash flows from financing activities:           Payments on acquisition earn-outs         (14.0)         (29.2)           Proceeds from long-term debt         300.0         —           Payments on long-term debt         (120.0)         (96.8)           Deferred debt issuance costs         (0.8)         (2.8)           Borrowings on revolving credit facilities         600.0         —           Payments on revolving credit facilities         (250.0)         —           Issuances of common stock for employee stock benefit plans         19.5         17.4           Repurchase shares to fund tax withholdings for non-cash stock-based compensation         (12.1)         (7.6)           Purchase of treasury stock         (91.3)         (128.6)           Settlement of accelerated share repurchase program         (8.8)         (11.3)           Cash dividends paid         (8.7)         (77.7)           Net cash provided by (used in) financing activities         337.8         (336.6)           Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash         (46.5)         42.8           Cash and cash equivalents inclusive of restricted cash at beginning of period         824.1         781.3	Proceeds from sales of investments	17.9	9.6
Payments on acquisition earn-outs       (14.0)       (29.2)         Proceeds from long-term debt       300.0       —         Payments on long-term debt       (120.0)       (96.8)         Deferred debt issuance costs       (0.8)       (2.8)         Borrowings on revolving credit facilities       600.0       —         Payments on revolving credit facilities       (250.0)       —         Issuances of common stock for employee stock benefit plans       19.5       17.4         Repurchase shares to fund tax withholdings for non-cash stock-based compensation       (12.1)       (7.6)         Purchase of treasury stock       (91.3)       (128.6)         Settlement of accelerated share repurchase program       (8.8)       (11.3)         Cash dividends paid       (84.7)       (77.7)         Net cash provided by (used in) financing activities       337.8       (336.6)         Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash       (46.5)       42.8         Cash and cash equivalents inclusive of restricted cash at beginning of period       824.1       781.3	Net cash used in investing activities	(951.8)	(62.6)
Proceeds from long-term debt       300.0       —         Payments on long-term debt       (120.0)       (96.8)         Deferred debt issuance costs       (0.8)       (2.8)         Borrowings on revolving credit facilities       600.0       —         Payments on revolving credit facilities       (250.0)       —         Issuances of common stock for employee stock benefit plans       19.5       17.4         Repurchase shares to fund tax withholdings for non-cash stock-based compensation       (12.1)       (7.6)         Purchase of treasury stock       (91.3)       (128.6)         Settlement of accelerated share repurchase program       (8.8)       (11.3)         Cash dividends paid       (84.7)       (77.7)         Net cash provided by (used in) financing activities       337.8       (336.6)         Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash       46.5)       42.8         Cash and cash equivalents inclusive of restricted cash at beginning of period       824.1       781.3	Cash flows from financing activities:		
Payments on long-term debt       (120.0)       (96.8)         Deferred debt issuance costs       (0.8)       (2.8)         Borrowings on revolving credit facilities       600.0       —         Payments on revolving credit facilities       (250.0)       —         Issuances of common stock for employee stock benefit plans       19.5       17.4         Repurchase shares to fund tax withholdings for non-cash stock-based compensation       (12.1)       (7.6)         Purchase of treasury stock       (91.3)       (128.6)         Settlement of accelerated share repurchase program       (8.8)       (11.3)         Cash dividends paid       (84.7)       (77.7)         Net cash provided by (used in) financing activities       337.8       (336.6)         Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash       42.8         Cash and cash equivalents inclusive of restricted cash at beginning of period       824.1       781.3	Payments on acquisition earn-outs	(14.0)	(29.2)
Deferred debt issuance costs  Borrowings on revolving credit facilities  600.0 — Payments on revolving credit facilities  (250.0) — Issuances of common stock for employee stock benefit plans  Repurchase shares to fund tax withholdings for non-cash stock-based compensation  Purchase of treasury stock  Cash dividends paid  Net cash provided by (used in) financing activities  Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash  Cash and cash equivalents inclusive of period  (2.8)	Proceeds from long-term debt	300.0	_
Borrowings on revolving credit facilities 600.0 — Payments on revolving credit facilities (250.0) — Issuances of common stock for employee stock benefit plans 19.5 17.4 Repurchase shares to fund tax withholdings for non-cash stock-based compensation (12.1) (7.6) Purchase of treasury stock (91.3) (128.6) Settlement of accelerated share repurchase program (8.8) (11.3) Cash dividends paid (84.7) (77.7) Net cash provided by (used in) financing activities 337.8 (336.6) Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash Cash and cash equivalents inclusive of restricted cash at beginning of period 824.1 781.3	Payments on long-term debt	(120.0)	(96.8)
Payments on revolving credit facilities (250.0) — Issuances of common stock for employee stock benefit plans 19.5 17.4 Repurchase shares to fund tax withholdings for non-cash stock-based compensation (12.1) (7.6) Purchase of treasury stock (91.3) (128.6) Settlement of accelerated share repurchase program (8.8) (11.3) Cash dividends paid (84.7) (77.7) Net cash provided by (used in) financing activities 337.8 (336.6) Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash (46.5) 42.8 Cash and cash equivalents inclusive of restricted cash at beginning of period 824.1 781.3	Deferred debt issuance costs	(8.0)	(2.8)
Issuances of common stock for employee stock benefit plans Repurchase shares to fund tax withholdings for non-cash stock-based compensation  Purchase of treasury stock Settlement of accelerated share repurchase program  Cash dividends paid  Net cash provided by (used in) financing activities Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash  Cash and cash equivalents inclusive of restricted cash at beginning of period  19.5  17.4  (7.6)  (12.1) (7.6)  (8.8) (11.3) (77.7)  Net cash provided by (used in) financing activities 337.8 (336.6)  Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash  Cash and cash equivalents inclusive of restricted cash at beginning of period	Borrowings on revolving credit facilities	600.0	_
Repurchase shares to fund tax withholdings for non-cash stock-based compensation(12.1)(7.6)Purchase of treasury stock(91.3)(128.6)Settlement of accelerated share repurchase program(8.8)(11.3)Cash dividends paid(84.7)(77.7)Net cash provided by (used in) financing activities337.8(336.6)Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash(46.5)42.8Cash and cash equivalents inclusive of restricted cash at beginning of period824.1781.3	Payments on revolving credit facilities	(250.0)	_
Purchase of treasury stock Settlement of accelerated share repurchase program (8.8) (11.3) Cash dividends paid (84.7) (77.7) Net cash provided by (used in) financing activities Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash Cash and cash equivalents inclusive of restricted cash at beginning of period (91.3) (128.6) (8.8) (11.3) (77.7) (84.7) (77.7) (84.7) (77.7) (84.7) (77.7) (85.8) (336.6) (86.8) (11.3) (87.7) (77.7) (86.7) (77.7) (87.7) (77.7)	Issuances of common stock for employee stock benefit plans	19.5	17.4
Settlement of accelerated share repurchase program(8.8)(11.3)Cash dividends paid(84.7)(77.7)Net cash provided by (used in) financing activities337.8(336.6)Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash(46.5)42.8Cash and cash equivalents inclusive of restricted cash at beginning of period824.1781.3	Repurchase shares to fund tax withholdings for non-cash stock-based compensation	(12.1)	(7.6)
Cash dividends paid (84.7) (77.7)  Net cash provided by (used in) financing activities 337.8 (336.6)  Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash  Cash and cash equivalents inclusive of restricted cash at beginning of period 824.1 781.3	Purchase of treasury stock	(91.3)	(128.6)
Net cash provided by (used in) financing activities337.8(336.6)Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash(46.5)42.8Cash and cash equivalents inclusive of restricted cash at beginning of period824.1781.3	Settlement of accelerated share repurchase program	(8.8)	(11.3)
Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash(46.5)42.8Cash and cash equivalents inclusive of restricted cash at beginning of period824.1781.3	Cash dividends paid	(84.7)	(77.7)
Cash and cash equivalents inclusive of restricted cash at beginning of period 824.1 781.3	Net cash provided by (used in) financing activities	337.8	(336.6)
	Net (decrease)/increase in cash and cash equivalents inclusive of restricted cash	(46.5)	42.8
Cash and cash equivalents inclusive of restricted cash at end of period \$ 777.6 \$ 824.1	Cash and cash equivalents inclusive of restricted cash at beginning of period	824.1	781.3
	Cash and cash equivalents inclusive of restricted cash at end of period	\$ 777.6	\$ 824.1

<sup>\*</sup>In the preparation of this Statement of Cash Flows, beginning balance sheet balances for 2018 were adjusted to reflect the January 1, 2018 modified retrospective adoption of Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and Accounting Standards Codification Topic 340 - Other Assets and Deferred Costs, thereby reflecting the change in operating assets and liabilities for the period, excluding the initial impact of adoption.

#### Conference call, webcast and slide presentation

A conference call to discuss the results of the fourth quarter of 2018 will be held on Tuesday, January 29, 2019 at 8:00 AM (EST). The Company may refer to a slide presentation during its conference call. You can access the webcast and the slides from the "Investor Relations" section of the Company's website at <a href="https://www.bbinsurance.com">www.bbinsurance.com</a>.

#### **About Brown & Brown**

Brown & Brown, Inc. (NYSE: BRO) is a leading insurance brokerage firm, providing risk management solutions to individuals and businesses. With Brown & Brown's almost 80 years of proven success and thousands of teammates, we offer knowledge you can trust and strive to deliver superior customer service. For more information, please visit <a href="https://www.bbinsurance.com">www.bbinsurance.com</a>.

#### **Forward-looking statements**

This press release may contain certain statements relating to future results which are forward-looking statements, including those relating to the Company's anticipated financial results for the fourth quarter and full year of 2018. These statements are not historical facts, but instead represent only the Company's current belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. It is possible that the Company's actual results, financial condition and achievements may differ, possibly materially, from the anticipated results, financial condition and achievements contemplated by these forward-looking statements. These risks and uncertainties include, but are not limited to, the Company's determination as it finalizes its financial results for the fourth quarter and full year of 2018 that its financial results differ from the current preliminary unaudited numbers set forth herein; those factors relevant to Brown & Brown's consummation and integration of the acquisition from Hays Companies, including any matters analyzed in the due diligence process, and material adverse changes in the business and financial condition of the seller, the buyer, or both, and their respective customers; the impact of any regional, national or global political, economic, business, competitive, market, environmental or regulatory conditions on our business operations; the impact of current market conditions on our results of operations and financial condition; risks that could negatively affect the success of our acquisition strategy, including continuing consolidation in our industry, which could make it more difficult to identify targets and could make them more expensive, execution risks, integration risks, the risk of post-acquisition deterioration leading to intangible asset impairment charges, and the risk we could incur or assume unanticipated regulatory liabilities such as those relating to violations of anti-corruption and sanctions laws; any insolvencies of, or other difficulties experienced by our clients, insurance carriers or financial institutions; volatility or declines in insurance markets and premiums on which our commissions are based, but which we do not control; our ability to continue to manage our indebtedness; our ability to compete effectively in our industry, material changes in commercial property and casualty markets generally or the availability of insurance products or changes in premiums resulting from a catastrophic event, such as a hurricane; disintermediation within the insurance industry, including increased competition from insurance companies, technology companies and the financial services industry, as well as the shift away from traditional insurance markets; our ability to attract and retain key employees and clients and attract new business; our ability to maintain our corporate culture; the timing or ability to carry out share repurchases; the timing or ability to carry out refinancing or take other steps to manage our capital and the limitations in our long-term debt agreements that may restrict our ability to take these actions; fluctuations in our earnings as a result of potential changes to our valuation allowance(s) on our deferred taxes; any fluctuations in exchange and interest rates that could affect expenses and revenue; the potential costs and difficulties in complying with a wide variety of laws and regulations and any related changes; changes in the tax or accounting policies or treatment of our operations and fluctuations in our tax rate; any potential impact of U.S. healthcare or National Flood Insurance Program legislation; the impact of federal income tax reform; the impact of the recent federal government shutdown and the possibility of a future federal government shutdown;

uncertainties in U.S. administrative policy regarding trade agreements and international trade relations; exposure to potential liabilities arising from errors and omissions and other potential claims against us; and the interruption or loss of our information processing systems or failure to maintain secure information systems and other factors that the Company may not have currently identified or quantified, and other risks, relevant factors and uncertainties identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, and the Company's other filings with the Securities and Exchange Commission. All forward-looking statements made herein are made only as of the date of this release, and the Company does not undertake any obligation to publicly update or correct any forward-looking statements to reflect events or circumstances that subsequently occur or of which the Company hereafter becomes aware.

#### **Non-GAAP supplemental financial information**

This press release contains references to the following non-GAAP financial measures as defined in Regulation G of SEC rules: Organic Revenue, Total Revenues - Adjusted, Total Revenues - Adjusted and Excluding the New Revenue Standard, Diluted Net Income Per Share - Adjusted, Diluted Net Income Per Share - Adjusted and Excluding the New Revenue Standard, EBITDAC, EBITDAC - Adjusted and Excluding the New Revenue Standard, EBITDAC Margin, and EBITDAC Margin - Adjusted and Excluding the New Revenue Standard.

Reconciliations of these supplemental non-GAAP financial information to the Company's GAAP information are contained in this earnings release. These measures are not in accordance with, or an alternative to the GAAP information provided in the Company's condensed consolidated financial statements. We present such non-GAAP supplemental financial information because we believe such information is of interest to the investment community and because we believe it provides additional meaningful methods of evaluating certain aspects of the Company's operating performance from period to period on a basis that may not be otherwise apparent on a GAAP basis. We believe these non-GAAP measures improve the comparability of results between periods by excluding the impact of certain items that have a high degree of variability. We believe that Organic Revenue provides a meaningful representation of the Company's operating performance; the Company has historically viewed Organic Revenue growth as an important indicator when assessing and evaluating the performance of its four segments. As disclosed in our most recent proxy statement, we use Organic Revenue and EBITDAC Margin for incentive compensation determinations for executive officers and other key employees.

Our industry peers may provide similar supplemental non-GAAP information with respect to one or more of these measures, although they may not use the same or comparable terminology and may not make identical adjustments. This supplemental financial information should be considered in addition to, and not in lieu of, the Company's condensed consolidated financial statements.

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