

BROWN & BROWN INC  
Form 11-K  
June 29, 2005

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

x Annual Report Pursuant to Section 15(d) of The Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2004

OR

o Transition Report Pursuant to Section 15(d) of The Securities Exchange Act of 1934

For The Transition Period From \_\_\_\_\_ To \_\_\_\_\_.

Commission file number 0-7201.

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**BROWN & BROWN, INC.  
EMPLOYEES' SAVINGS PLAN AND TRUST**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**BROWN & BROWN, INC.  
220 SOUTH RIDGEWOOD AVENUE  
DAYTONA BEACH, FLORIDA 32114**

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BROWN & BROWN, INC. EMPLOYEES' SAVINGS PLAN AND TRUST

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Trustees and Participants of  
Brown & Brown, Inc. Employees' Savings Plan and Trust  
Daytona Beach, Florida

We have audited the accompanying statements of net assets available for benefits of Brown & Brown, Inc. Employees' Savings Plan and Trust (the "Plan") as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003 and the changes in net assets available for benefits for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2004 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2004 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP  
Certified Public Accountants  
Jacksonville, Florida  
June 27, 2005

**BROWN & BROWN, INC. EMPLOYEES' SAVINGS PLAN AND TRUST****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2004 AND 2003**

ASSETS	2004	2003
CASH	\$ 632,666	\$ 529,765
<b>INVESTMENTS:</b>		
Participant directed, at fair value:		
Money market fund	7,884,947	4,758,649
Common/collective trust funds	80,128,924	57,534,775
Employer common stock	59,364,176	53,302,977
Participant directed, at contract value:		
Pooled separate account	16,760,706	12,325,146
Self-directed investments, at fair value:		
Personal choice retirement account	643,961	251,349
Participant loans	2,697,104	2,579,849
Total investments	167,479,818	130,752,745
<b>RECEIVABLES:</b>		
Employer contributions	2,470,127	2,050,638
Total receivables	2,470,127	2,050,638
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 170,582,611</b>	<b>\$ 133,333,148</b>

See notes to financial statements.

**BROWN & BROWN, INC. EMPLOYEES' SAVINGS PLAN AND TRUST****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>ADDITIONS:</b>	
Investment income:	
Interest and dividends	\$ 854,699
Dividends on employer common stock	414,300
Net realized and unrealized appreciation in fair value of investments	22,656,881
<b>Contributions:</b>	
Participant	15,551,916
Employer	6,545,861
Transfers to the Plan	3,148,480
Total additions	49,172,137
<b>DEDUCTIONS:</b>	
Benefits paid to participants	11,904,916
Administrative expenses	17,758
Total deductions	11,922,674
NET INCREASE IN ASSETS AVAILABLE FOR BENEFITS	37,249,463
NET ASSETS AVAILABLE FOR BENEFITS—Beginning of year	133,333,148
NET ASSETS AVAILABLE FOR BENEFITS—End of year	\$ 170,582,611

See notes to financial statements.

**BROWN & BROWN, INC. EMPLOYEES' SAVINGS PLAN AND TRUST  
NOTES TO FINANCIAL STATEMENTS**

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**1. DESCRIPTION OF THE PLAN**

The following brief description of the Brown & Brown, Inc. Employees' Savings Plan and Trust (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

**General**—The Plan, established effective January 1, 1985 and as amended and restated effective January 1, 1997, is a defined contribution plan. Substantially all employees who are at least 18 years of age and who work at least 20 hours per week are eligible to participate in the Plan effective the first day of the month following 30 continuous days of service. The Plan is intended to assist Brown & Brown, Inc. and its subsidiaries (the "Employer") in its efforts to attract and retain competent employees by enabling eligible employees to share in the profits of the Employer and to supplement retirement income. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

**Benefit Payments**—Benefits under the Plan are payable upon normal (after age 65) or early (after age 59 ½) retirement, death, disability, severe financial hardship or termination of service and are based on the vested balance in the participant's account. Distributions of vested account balances will be made in the form of a single lump-sum payment or in some other optional form of payment, as defined in the Plan. If the participant's vested account is \$5,000 or less, the participant will be prompted to distribute his or her funds to another qualified plan in a timely fashion or be subject to an immediate lump-sum distribution.

**Administration**—The Plan is administered by a designated Plan Administrator (the "Administrator"), which has been appointed by the Board of Directors (the "Board") of the Employer. Information about the Plan agreement, such as provisions for allocations to participants' accounts, vesting, benefits and withdrawals, is contained in the Summary Plan Description. Copies of this document are available on the employee benefits website or from the Administrator. Diversified Investment Advisors, Inc. ("Diversified") has been appointed as the recordkeeper of the Plan and Investors Bank & Trust Company of Boston, Massachusetts (the "Trustee"), has been appointed as the trustee of the Plan.

**Administrative Expenses**—All investment-related expenses are charged against Plan earnings or are paid by the Plan. All other expenses are paid by the Employer.

**Contributions**—Participants may elect to contribute, subject to certain limitation, any percentage of annual compensation as contributions to the Plan, up to a maximum contribution of \$13,000 with a \$3,000 'catch up' option for those employees age 50 and older for the year ended December 31, 2004. In 2003, participants could elect to contribute between 1% and 15% of annual compensation, up to a maximum of \$12,000. The Employer makes matching contributions to the Plan of 100% of each participant's contribution, not to exceed 2.5% of each participant's contribution on a pay period basis. The Plan permits the Board of the Employer to authorize optional profit-sharing contributions allocated to participants based on salary. The Board authorized an optional profit-sharing contribution of 1.5% of salary, up to a maximum salary of \$205,000 for all participants for the year ended December 31, 2004.

**Vesting**—Participants employed prior to October 1, 1996 are 100% vested in their entire account balance. Participants employed on or after October 1, 1996 are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Employer matching contributions and optional contributions are based on years of credited service and are subject to the following vesting schedule:

<b>Years of Credited Service</b>	<b>Vested Interest</b>
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5 or more	100%

Forfeited balances of terminated participants' nonvested accounts are used to offset Plan expenses and to reduce future Employer matching contributions.

**Investment Income and Expenses**—Each participant's account shall be allocated the investment income and expenses of each fund based on the value of each participant's account invested in each fund, in proportion to the total value of all accounts in each fund, taking into account any contributions to or distributions from the participant's account in each fund. General expenses of the Plan not attributable to any particular fund shall be allocated among participants' accounts in proportion to the value of each account, taking into consideration the participant's contributions and distributions.

**Participant Loans**—A participant may, with prior approval, borrow from his or her own account a minimum of \$1,000, up to a maximum equal to the lesser of \$50,000 or 50% of the participant's vested account balance. Participants may not have more than two loans outstanding at any time. Loans, which are repayable each pay period -for -periods generally up to five years, are collateralized by a security interest in the borrower's vested account balance. The loans bear interest at the rate of prime plus 1%, determined at the time the loan is approved. As of December 31, 2004, interest rates ranged from 5% to 10.5%.

**Plan Termination**—Although it has not expressed any intent to do so, the Employer may terminate the Plan at any time, either wholly or partially, by notice in writing to the participants and the Trustee. Upon termination, the rights of participants in their accounts will become 100% vested. The Employer may temporarily discontinue contributions to the Plan, either wholly or partially, without terminating the Plan.

## **2. USE OF ESTIMATES AND SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

**Basis of Accounting**—The accompanying financial statements of the Plan are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Valuation of Investments**—The Plan's investments in money market funds, common/collective trust funds, Employer common stock and the personal choice retirement account, which includes investments in mutual funds and common stock, are stated at fair value based on quoted market prices at year-end. Participant loans are valued at cost, which approximates fair value.





Diversified manages a guaranteed pooled separate account of Transamerica Financial Life Insurance Company called the Stable Five Fund. The guaranteed investment contract is stated at contract value and approximates fair value. Contract value represents contributions made under the contract, plus interest, less expenses and benefits. The crediting interest rate is effective for a 12-month period and is set annually. The crediting interest rate is determined based on (i) the projected market yield-to-maturity of the market value of assets, net of expenses, (ii) the timing and amounts of deposits, transfers and withdrawals expected to be made during the interest crediting period, and (iii) the amortization of the difference between the fair value of Pooled Account No. 24 and the balance of the Stable Five Fund. The crediting interest rate for this Diversified account for the year ended December 31, 2004 was 4.8%. The average yield for this Diversified account for the year ended December 31, 2004, was 4.8%.

***Risks and Uncertainties, Investments***—The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

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