

BROWN & BROWN INC

Form S-3/A

August 03, 2001

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON August 3, 2001

REGISTRATION NO. 333-58006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

BROWN & BROWN, INC.

(Exact name of Registrant as Specified in its Charter)

FLORIDA

59-0864469

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

220 South Ridgewood Avenue

Daytona Beach, Florida 32114

(386) 252-9601

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Laurel L. Grammig, Esq.

Vice President, Secretary and General Counsel

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Brown & Brown, Inc.

401 East Jackson Street, Suite 1700

Tampa, Florida 33602

(813) 222-4100

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

Copies to:

Chester E. Bacheller, Esq.

Holland & Knight LLP

400 North Ashley Drive

Suite 2300

(813) 227-8500

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

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

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

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT

SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Subject To Completion, Dated August 3, 2001

PROSPECTUS

180,830 SHARES

BROWN & BROWN, INC.

Common Stock

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

Brown & Brown's common stock is traded on the New York Stock Exchange under the symbol "BRO." The last reported sale price on August 2, 2001 was \$49.50 per share.

Investing in these securities involves risks. See "Risk Factors" beginning on page 4 of this Prospectus.

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

The date of this prospectus is August ____, 2001.

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SUMMARY

QUESTIONS AND ANSWERS ABOUT THIS OFFERING

Q. WHAT IS THE PURPOSE OF THIS OFFERING?

A. The purpose of this offering is to register the resale of common stock received by the selling shareholders in connection with the acquisition by Brown & Brown of WMH, Inc. and Huffman & Associates, Inc., each a Georgia corporation. Selling shareholders are required to deliver a copy of this prospectus in connection with any sale of shares.

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

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

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

A. Under the terms of stock purchase agreements between Brown & Brown and the selling shareholders, Brown & Brown agreed to keep this prospectus effective for a period expiring on the earlier of (1) the date on which all of the selling shareholders' shares have been sold, (2) the

date on which all such shares are eligible for sale pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act") or (3) one year from the closing date of the acquisition in which the selling shareholder received such shares. After that, the selling shareholders will no longer be able to use this prospectus to sell their shares.

ABOUT BROWN & BROWN

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

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

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

RECENT DEVELOPMENTS

Since December 31, 2000, we have acquired twenty insurance agencies, based in Tampa, Florida; Rochester, New York; Lafayette, Louisiana; Phoenix, Arizona (2); Thousand Oaks, California; Rome, New York; Titusville, Florida; Manassas, Virginia; Tallahassee, Florida; Syracuse, New York; St. Louis, Missouri; Roswell, New Mexico; Deerfield Beach, Florida; Las Vegas, Nevada; Newington, Connecticut; Pryor, Oklahoma; Orlando, Florida; Clearwater, Florida; and St. Petersburg, Florida. One of these acquisitions involves the acquisition of several agencies known collectively as The Huval Companies, based in Lafayette, Louisiana. The shares registered by this prospectus were issued to the shareholders of The Huval Companies as consideration for that acquisition. On January 3, 2001, we completed the acquisition of all of the insurance agency business-related assets of Riedman Corporation, headquartered in Rochester, New York with offices located in 13 states.

We reported unaudited total revenue, net income and earnings per share for our second quarter ended June 30, 2001 of \$80,361,000, \$12,256,000 and \$0.41 for a percentage increase over the amounts reported for the quarter ended June 30, 2000 of 44%, 63% and 64%, respectively. You should read this information in conjunction with our consolidated financial statements and the notes thereto that are incorporated by reference into this prospectus.

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

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

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RISK FACTORS

We cannot accurately forecast our commission revenues because our commissions depend on premium rates charged by insurance companies, which historically have varied and, as a result, have been difficult to predict.

We are primarily engaged in insurance agency and brokerage activities, and derive revenues from commissions paid by insurance companies and fees for administration and benefit consulting services. We do not determine insurance premiums. Historically, property and casualty premiums have been cyclical in nature and have varied widely based on market conditions. Since the mid-1980s, general premium levels have been depressed as a result of the expanded underwriting capacity of insurance companies and increased competition. In many cases, insurance companies have lowered commission rates and increased volume requirements. Significant reductions in premium rates occurred during the years 1986 through 1998 and continued, although to a lesser degree, through 1999. As a result of increasing "loss ratios" (the comparison of incurred losses plus loss adjustment expense against earned premiums) of insurance carriers through 1999, there was a general increase in premium rates beginning in the first quarter of 2000 and continuing through the fourth quarter of 2000. Although the premium increases varied by line of business, geographical region, insurance carrier and specific underwriting factors, it was the first time since 1986 that we operated in an environment of increased premiums for four consecutive quarters. Premium rates are determined by insurers based on a fluctuating market. Because we do not determine the timing and extent of premium pricing changes, we cannot accurately forecast our commission revenues, including whether they will significantly decline. As a result, our budgets for future acquisitions, capital expenditures