



ANNUAL REPORT  
2015 | 2016

“ With the dedicated team of brokers elected by our membership, as well as public members, RIBO continues to serve the interests of consumers through regulating the profession. ”



## 2015 – 2016 RIBO COUNCIL

Standing (Left to Right):

John Gelston, Rob Walters, Nick Dzudz, Scott Bell, Rex Harrison, Peter Blodgett, Patrick Ballantyne, Jack Lee.

Seated (Left to Right):

Patty Crawford, Marianna Michael, Mariette Matos, Norma Hitchlock, Tracy McLean, Diane Scott.



**Norma Hitchlock**  
President

## Report from the President

I am pleased to present the President's Report for 2015/2016.

It has been a unique privilege to be part of the governance process for RIBO and to have direct responsibility for overseeing both public protection and standards of professional excellence.

This year also brings to an end my service on Council, having served two terms. I wish to acknowledge and recognize the invaluable contribution of my fellow Council and Executive Committee member Patty Crawford. She is also leaving Council after two terms.

The year has been a period of transition with Patrick Ballantyne assuming the role of CEO upon the retirement of Jeff Bear. It has also been a year of significant change throughout the spectrum of the insurance world. Council, along with Patrick and his RIBO team have been formulating and implementing policies aimed at benefiting both the membership and the consumer public. The scope of our activity exceeds my allotted article space but some of the more significant are set out below;

As of July 31, 2016 RIBO had 18,928 individual brokers, which is the highest number since the inception of RIBO. Registered firms (active) (including consultants and wholesalers) were at 1,147. As of July 31, 2016, the total number of examinations written including Level 1, Management and Technical, totals 3,458-also a record number since the inception of RIBO.

With the record high number of registrants and exam writers, improving the application and renewal process was a clear priority. Accordingly, enhancements to the online renewal user interface have been successfully implemented for the 2016/2017 renewal. We are continuing efforts to explore opportunities for enhanced functionality in our examination and registration processes. Most recently, exam results have been made available electronically.

With regard to the 2016 changes in Ontario auto insurance, RIBO developed a comprehensive "Best Practices Guide" designed to communicate expectations for brokers in reviewing client coverage.

Similarly, Bulletins were issued to the membership regarding the prohibition of negative option billing. Although they specifically reference developments in overland water coverage, the underlying concepts apply equally to auto renewals. These Bulletins also reiterate that brokers communicate with their clients regarding their on-going insurance needs, and present appropriate coverage options. Of course, brokers should ensure their client files clearly reflect these discussions.

The existing 'spot check' program, in which we visit every brokerage every 3-5 years, is primarily focused on compliance with trust

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fund requirements. We have commenced a comprehensive review to consider which broker 'conduct' requirements and expectations should also be reviewed during the 'spot check' order to promote better consumer protection and brokerage risk management. This enhanced program will be rolled out to the membership in test mode this Fall.

The Registered Insurance Brokers Act and corresponding Regulations came into force in 1981 and has received only modest updates in the intervening years. It has proven to be surprisingly robust and adaptable legislation, despite the many changes in the brokerage market environment. That said, staff has commenced a review of the Act and its Regulations, aiming to identify opportunities to update them, as necessary.

RIBO introduced half-day sessions aimed at assisting Principal Brokers to better understand and meet their financial compliance responsibilities. The sessions are conducted

by members of our financial compliance team and have already proven to be both successful and in demand.

Council and staff are well aware that RIBO must always look ahead in order to remain relevant in an ever changing marketplace. We must continue to be a transparent, fair and progressive regulator, both for the public and the membership. We will do so by keeping open the lines of communication with our stakeholders. This will assist us to formulate and implement policies of long term benefit to the membership and public. I am confident in the future that RIBO will continue to stay ahead of the issues of the day.

I wish to sincerely thank my fellow Council members, RIBO staff and all of the membership for your support, encouragement and feedback.



**Patrick Ballantyne**  
Chief Executive Officer

## Report from the Chief Executive Officer

I am pleased to offer my Report for 2015/2016, my first as RIBO CEO.

During their Strategic Planning session earlier this year, Council updated RIBO's Mission, Vision and Value Statement, as follows:

Our VISION is to be a centre of progressive regulatory excellence for Ontario insurance brokers and the public they serve.

We are driven by our shared VALUES of:

- Fairness
- Integrity,
- Sensitivity, and
- Knowledge.

Our MISSION is to serve the public and regulate the profession.

I will, along with the staff, endeavor to use this statement to guide our everyday actions in service of the Ontario public, Ontario's brokers and other stakeholders. In particular, it is my aim to communicate with the membership in a timely and relevant manner on issues of interest and importance. I will also continue to reach out directly to brokers on a 'one-on-one' basis to better understand your business, your concerns and your interactions with RIBO.

In the 2015 Council elections, Tracy McLean was re-elected ('20 or more brokers' category), and both Peter Blodgett ('20 or more brokers') and Marianna Michael ('under 20 brokers')

were duly elected for their first term.

Council then elected Norma Hitchlock as RIBO President. Other officers of the Corporation for 2015/2016 included Tracy McLean (Vice-President), John Gelston (Treasurer) and Patty Crawford (Secretary).

In welcoming our new Council Members, I would also like to recognize two Council departures. Beth Pearson served on Council for six years, including a term as President, while Gil Constantini served on Council for three years. Both were missed around the Board table this year.

The 2015/2016 election was the last to use a paper ballot and proxy format, as we have migrated to an online platform for the 2016/2017 election. The new process is simple and considerably more cost efficient than the paper-based regime previously employed.

We updated our online renewal process with an individual member portal designed to be more intuitive and user friendly. The revisions were the result of a significant effort by staff and our IT consultants to create a cleaner and more intuitive interface. We will continue refining the portal and in particular, we will focus on the interface for brokerage registration renewals.

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Council has maintained renewal fees for the upcoming year at 2015/2016 levels. I am pleased to note that members have not had a renewal fee increase in several years. While there is no guarantee against adjustments down the road, we will continue to look for and introduce efficiencies to keep any necessary adjustments in the future to a minimum. By way of example, Council introduced a 'user pay' fee of \$100.00 per course for all provider applications and \$25.00 per course for brokerage in-house and individual applications for RIBO CE accreditation. This user fee is intended to help cover the administrative costs of reviewing each course syllabus in order to determine whether credits should be awarded. Further, Council approved adjustments to RIBO exam fees, so as to better reflect the cost of exam administration.

We continue to maintain a co-operative and supportive relationship with other regulatory agencies and industry participants. In particular, we meet regularly with the Financial Services Commission of Ontario with an eye toward sharing information and ideas relating to matters of common concern. We note the issuance earlier this year of the Final Report of the "Review of the Mandates of the Financial Services Commission of Ontario, Financial Services Tribunal, and the Deposit Insurance Corporation of Ontario". Certain of the recommendations may impact RIBO, although the extent of that impact is very much unknown at this juncture. Staff and Council will monitor the progress of the Report and what steps the Government might take toward implementation of it in whole or in part.

We also maintain an open dialogue with both the Toronto Insurance Conference and the Insurance Brokers Association of Ontario, with the goal of, wherever possible, achieving coordinated responses to industry issues. Both through the associations and on an individual basis we also strive to offer timely guidance to all RIBO members and to be responsive to them when they need assistance.

By way of example, earlier this year the provincial Government introduced significant changes to Ontario automobile insurance. RIBO responded with a Best Practices Guideline outlining how we expect brokers to best prepare their clients for the changes. Similarly, RIBO issued member Notices relating to new 'overland water' coverage, and how we expected brokers to communicate the availability of the coverage to their clients. In both instances, our central recommendations were reasonable brokerage processes for both client communication and client file documentation.

In closing, I want to emphasize that the strength of RIBO is its membership. Thank you for the comments and feedback I have received during my first year as CEO. It is through this interaction and dialogue that, together, we can overcome any and all challenges. We welcome any opportunity to come to speak to you on issues of interest. Please do not hesitate to write, call, e-mail or fax any Council or Staff member with your concerns or suggestions.



Jack Lee  
Chairperson

# Report of the Professional Development Committee

The Registered Insurance Brokers Act and Regulations govern all general insurance brokers in Ontario. It is the responsibility of RIBO's Board of Directors, its committees and staff to administer the Act and the Regulations.

One of RIBO's essential operational duties is to ensure that, when a complaint is received against a broker, both sides of the inquiry are investigated promptly and fairly.

There are two main types of complaints handled by the Complaints and Investigations Department. The first is finance related, and is usually generated as a result of a spot check or a broker review. The most common types of finance complaints relate to trust deficits, followed by inadequate books and records.

The second type of complaint is conduct related and is normally initiated by a consumer complaint. When a member of the public or a fellow broker makes a complaint, the Consumer Complaints Officer reviews it and decides whether or not there are probable grounds to substantiate the complaint against a registered broker. The complainant is asked to provide his/her written complaint to RIBO, along with any relevant supporting documentation.

Once the written complaint is received by RIBO, an inquiry file is opened and assigned to an investigator for further examination. Additional evidence is gathered and statements are taken. If the investigation results in formal complaint charges being laid against a broker, then the matter is referred to a Complaints Committee for direction. If the Complaints Committee decides there is enough evidence to indicate possible misconduct, the matter is referred to the Discipline Committee for a hearing and final decision.

In meeting the needs of consumers, we make every effort to ensure that their complaints are handled fairly, promptly, and professionally. In all dealings, the consumer is treated with respect and courtesy.

## STATISTICAL SUMMARIES

The following statistical summaries are a reflection of the excellent work done by our Complaints and Investigations Department. The Manager, Tim Goff, continues to review the internal procedures of the Department, and constantly looks for ways to improve them.

- RIBO received just over 1,167 inquiry telephone calls last year, which is approximately a 2% increase over the calls from the previous year. The Consumer Complaints Officer attempts to resolve as many of the complaint calls within RIBO's jurisdiction as possible. Of the 1,167 consumer inquiry calls, approximately 90% of the "telephone complaints" were resolved in this manner.
- 118 new files were opened this year, which required investigation by RIBO staff. (Please refer to *Chart 1* to review the sources and types of complaints).
- We began this year with 45 active files, meaning investigations or complaints proceedings were already in progress from the previous year.
- 99 files were resolved and closed this year, leaving 64 in progress which will be carried over.
- The Complaints Committee consists of a three-member panel, comprised of two brokers and a public member. The Complaints Committees met on 7 separate occasions.
- In each case, the broker who is the subject of the complaint is invited to the meetings. Brokers attended 90% of the time.
- During the Complaints Committee meetings, 5 of the files were closed in the broker's favour with 15 cases raising issues regarding misconduct, resulting in referral to the Discipline Committee for further review.

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- Of the 18 cases that raised issues regarding misconduct, 13 were referred directly to the Discipline Committee for hearings and 2 were offered a resolution on a consent basis.
- The Discipline Committee consists of a five-member panel, comprised of four brokers and one public member. These panels held hearings on 5 days during the year. 3 cases were presented for approval on a consent basis and 9 required hearings.
- The above number of cases include cases carried over from the previous year.
- Multiple penalties were assigned in many of the cases, which is the reason that the dispositions in the chart below add up to more than the total of the cases presented.

- The random spot-check program this year resulted in 268 spot checks of which only 7 resulted in any kind of formal proceeding. There were 7 spot checks in progress or with follow up at fiscal year end included in the total number of 268 spot checks. This year the goal is to conduct 260 brokerage visits.

I would like to take this opportunity to thank my fellow Committee members who willingly volunteer their time. A special thank you goes to the staff of the Complaints and Discipline Department for their hard work and support.

It has been a pleasure serving as the Chairperson of the Professional Development Committee this year. I thank you for the opportunity.

## Professional Development Charts

### Source and Type of Complaint Files

Source	15/16	14/15
Non - Compliance	50	41
Public	43	39
Member Brokers	23	16
Insurers	0	1
Lawyers	2	1
Government & Other Sources	0	0
<b>Total</b>	<b>118</b>	<b>98</b>

Type	15/16	14/15
Code of Conduct	73	58
Other Misconduct	1	0
Delinquent Filing	15	8
Trust Funds	13	23
Equity Requirements	0	4
Financial Records	3	5
Non-Compliance (other regs.)	0	0
Criminal Allegations	0	0
<b>Total</b>	<b>105</b>	<b>98</b>

Disposition of Disciplinary Proceedings	15/16	14/15	13/14
Certificate of Registration Revoked	2	1	0
Certificate of Registration Suspended	0	7	6
Certificate of Registration Restricted	1	0	4
Attendance at Education Course Ordered	1	2	2
Additional Financial Reports Ordered	5	11	5
Fines, Payable to Ministry of Finance	1	2	2
Registrant Reprimanded	2	5	3
Dismissed in Broker's Favour	0	0	0
Adjourned	1	0	0



**Tracy McLean**  
Chair

# REPORT OF THE QUALIFICATION & REGISTRATION DEPARTMENT

It has been an honour and pleasure to serve as Chair of the Qualification and Registration Committee.

As another extremely busy year goes by, our industry is continually challenged with many issues. In order to ensure that we fulfill our regulatory responsibilities, the Qualification and Registration Committee meets on a monthly basis to address challenges and issues. To ensure that a high standard of professional competence and public protection is maintained, industry changes

are continuously monitored and the educational and professional requirements are reviewed and updated.

The following statistical summary details the work of the Committee and department over the last fiscal year (August 1, 2015 – July 31, 2016):

<b>New Brokers – Acting Under Supervision</b>	<b>15/16</b>	<b>14/15</b>
Exams Written (including equivalency exams)	3,342	2,725
Pass Rate (including equivalency exams)	64%	62%
Pass Rate (full basic-broker exam) for those attending a course	73%	72%
Pass Rate (full basic-broker exam) for those not attending a course	61%	56%

<b>Level II - Removal of Restriction</b>	<b>15/16</b>	<b>14/15</b>
<b>Technical Exams Written</b>	<b>28</b>	<b>16</b>
Pass Rate	36%	33%
<b>Management Exams Written</b>	<b>88</b>	<b>96</b>
Pass Rate	59%	58%

The low number and passing ratio in the technical exams is primarily due to our decision to accept CAIB and CIP designations as an equivalency and the candidates that do write are mostly new to the commercial lines field.

<b>Committee Decisions</b>	<b>Granted</b>	<b>Refused</b>
Application for Secondary Business Exemption	260	1
Application for Removal of Restrictions	0	0
Other	3	1

The Committee reviewed a total of 265 requests. The majority (261) were requests for secondary business exemptions. These requests require exemption from Regulation 991, Section 5 (i) (b). Over the course of the year, the Committee granted 260 secondary business exemptions. Twenty-two of the requests were for exemptions to sell financial products. Requests for secondary business exemptions are mainly from individuals who need to supplement their incomes. In the decision process the Committee evaluates each request, taking all comments and

concerns into consideration, including the possibility of a conflict of interest, or undue influence.

In the other category, the Committee granted three brokerage firms in another province to hold their Ontario Trust Monies in their home province on the condition that they comply with the listed RIBO Regulations. The Committee also refused an application where the individual did not meet the suitability qualifications for RIBO.

Hearing Summary		15/16	14/15	13/14	12/13
Review of Qualification to hold a certificate	Granted	0	0	0	0
	Refused	1	0	2	0
Application for Exemption Secondary Occupation	Granted	0	1	0	0
	Refused	1	0	0	0
Application for Removal of Restriction	Granted	0	0	0	0
	Refused	0	0	0	0
Other	Granted	0	1	0	1
	Refused	0	0	1	0
<b>Total</b>		<b>2</b>	<b>2</b>	<b>3</b>	<b>1</b>

All applicants have the right to request a hearing after the Committee has considered and proposed to refuse registration, exemption or has proposed to restrict, revoke or not renew an existing registration. Of the two refusals, one made a request for a hearing and the other, the Committee confirmed its proposed decision. Of the one case pending from the prior year, the case is still pending further notice from the applicant.

Registration	15/16	14/15	13/14	12/13
Individual Registrants	18,928	18,389	18,252	17,875
Corporations	1,064	1,090	1,109	1,118
Partnerships	16	18	21	22
Sole Proprietorships	6	8	9	10
Consultants	10	8	9	8
MGA/Wholesalers	51	48	42	38
Active Businesses	*1,147	*1,172	*1,190	*1,196
Average number of registrants per business	16.50	15.69	15.52	14.95

\*Non-active business registrations are not included in the registration numbers.

Even with further consolidation and amalgamation, we have remained consistent over the past few years. At the same time, individual registrations have increased.

## Chris Ward Memorial Award

This award is presented in memory of RIBO's late president Christopher J. Ward, to the individual who receives the highest mark on the first attempt of either the Unrestricted-Management or Unrestricted-Technical examination. I am pleased to announce that this year, two individuals are being recognized for their remarkable achievement and they are Eric Gaudrault of JMHI Insurance Group Inc. and Vittoria Masucci of Oracle Insurance Risk Management Services Inc.

# Donald W. Lambie Award

This award is presented in recognition of Mr. Lambie's commitment to self-regulation and his outstanding contribution to the broker profession. Mr. Lambie is one of RIBO's founding fathers and also acted as the first President.

The Donald W. Lambie Award is presented to the individual with the highest mark in the initial RIBO qualification examination. This year's recipient is Chris Cosack of Crewson Insurance Brokers Limited.

Please join us in congratulating the award winners. We look forward to recognizing their achievements at the Annual Meeting on November 10, 2016.

I would like to take this opportunity to thank my fellow Council members for their support and contribution. I would also like to express my sincere gratitude to the Qualification and Registration Staff for all their hard work, dedication and support throughout the year.

Please feel free to contact staff or committee members at any time.

Wishing everyone success in the coming year.



Norma Hitchlock  
with 2015 Donald W. Lambie Award Recipient  
**Marco De Bruyn**  
of H.L. Staebler Company Limited



Norma Hitchlock  
with 2015 Donald W. Lambie Award Recipient  
**Paul Vincent Somers**  
of Bickerton Brokers Ontario Ltd.



Norma Hitchlock  
with 2015 Donald W. Lambie Award Recipient  
**Stephen R. Green**  
of Stewart Morrison Insurance Brokers Ltd.

“ RIBO staff continues to make every effort to provide fair and helpful service to our members and the public. ”



## RIBO STAFF 2015 - 2016

Standing (Left to Right):

Vivian Lee, Calvin Chan, Winston Koo, Wendy Wu, Gustavo Blandon, Sheron Fraser, Laurie Reynolds, Valrie Bailey, Michael Buck, Angela Daley, Patrick Ballantyne, Irene Chung, Tracy Cullen, Diana Campoli, Christopher Thorn, Nadine Martin, Tim Goff.

Seated (Left to Right):

Arthur Kosikowski, Erica Lo, Lise Clements, Debbie Lee, John Goldsmith.

Absent:

Barbara Dalgleish-Reid, Crystal Skyvington

# Registered Insurance Brokers of Ontario

**Minutes** of the Thirty-Fourth Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Friday, November 6<sup>th</sup>, 2015 at 1:30 p.m. in the Arcadian Loft of the Simpson Tower, Toronto, Ontario.

## Opening of Meeting

The outgoing President, Beth Pearson, introduced members of the Board for 2015 that were in attendance. They were: Scott Bell, Gil Constantini, Patty Crawford, Nick Dzudz, John Gelston, Rex Harrison, Norma Hitchlock, Jack Lee, Mariette Matos, Tracy McLean, Diane Scott and Rob Walters.

The Chairperson then introduced Jeff Bear, Chief Executive Officer of RIBO and also acknowledged all of RIBO staff and thanked everyone for their dedication and hard work throughout the year.

The Chairperson then introduced the representative from Network Court Reporting Limited who was requested to act as Recording Secretary of the meeting.

## Appointment of Scrutineers: Report as to Quorum

The Chairperson called for the appointment of Gustavo Blandon, Tracy Cullen, and Christopher Thorn to act as scrutineers of the meeting. As there were no objections, these individuals were so appointed.

The scrutineers informed the Chairperson that a quorum of members was present at the meeting.

## Notice of Meeting

The Chairperson advised that the Secretary had received the Declaration of Mailing from Postage Savers Inc., declaring that the Notice calling the meeting, together with the Annual Report and Financial Statements of the Corporation, were mailed in accordance with the By-Laws of the Corporation.

## Constitution of Meeting

As the Notice of Meeting had been duly given to the registrants of the Corporation entitled

to receive such Notice and having been advised by the Scrutineers that a quorum of registrants was present, the Chairperson declared that the meeting was properly constituted for the transaction of business as set out in the Notice of Meeting.

The Chairperson then introduced invited guests present at the meeting, as well as members of the insurance press and a number of RIBO Past Presidents.

## Question Period Procedures

The Chairperson reviewed the procedures to be used during the question period following the business portion of the meeting.

## Minutes of the November 6, 2014 Annual General Meeting:

The Chairperson inquired if there were any objections to the dispensing of the reading of the Minutes. There were no objections raised.

It was moved by Paul Armstrong and seconded by John Gelston that the Minutes of the November 6, 2014 Annual Meeting be approved as presented. **Motion Carried.**

## President's Report

Beth Pearson thanked her fellow Council members and expressed her pleasure to have served as RIBO's President over the past year. Her report included the following comments.

RIBO's function is that of an industry regulator or more accurately, self-regulator. RIBO aims to fulfil its public protection mandate in a thoughtful and progressive fashion. Fairness and responsiveness are key touchstones.

It is also important to remember that RIBO Council consists of both elected brokers and public appointees from the provincial government working together to regulate the

profession in the best interest of the public.

While their deliberations, decisions and direction are informed by years of experience, broker self-interest simply has no place at the table. It is never the goal of RIBO to be burdensome or bureaucratic. That said, our status as a self-regulating profession necessitates that we carry out our activities with a steady eye on maintaining and enhancing public trust in our profession.

There have been numerous media reports this year about data breaches where personal information is compromised in some fashion. While this can occur through sophisticated hacking, more frequently the breach occurs through the loss or theft of a smart phone or laptop computer. Brokers are required to collect a significant amount of personal information from our clients and employees. Brokers are also required to safeguard that information and only use it in accordance with the purposes for which we collect it. The obligation to safeguard information existed in our code of conduct long before Canada introduced privacy legislation, but the impact of PIPEDA and similar statutes heighten our obligations and encourage a more formal process for the collection, use, sharing and destruction of personal information.

With that in mind, it is a good time for all of us to review our data protection efforts and to make sure they are up to date. Similarly, ensure that the policies and procedures reflect what is happening in our shops, with a keen eye on protecting the personal information in our possession. It is also important that we raise awareness of data protection amongst our staff through, for example, training sessions on office policies and procedures. Remember that data may be particularly vulnerable when it is mobile, or accessed outside the protected office environment, such as home offices and coffee shops.

In the Spring of this year "overland" water coverage was at the forefront of discussions between markets, brokers and regulators. Indeed, in the past few weeks, we are once again hearing much on this topic.

In property insurance, as with auto, Ontario consumers are increasingly presented with a range of options that enable them to select product features they want. Consumers rely on us to explain optional coverage, to help

them to make an informed decision. This undoubtedly places a significant burden on us as we aim to stay abreast of new products and determine which clients might benefit from them.

As brokers, we discuss with our clients their insurance needs, and we recommend products that meet those needs. As those needs change, perhaps through marriage, children or relocation, we recommend appropriate adjustments to their insurance coverage. The client may or may not choose to accept our recommendations, but that is their choice to make. We document our files to accurately reflect the discussion we have, including the recommendations made and why, as well as the instructions received.

Similarly, where an insurer offers a new product that would be of benefit to our clients, we determine an efficient and effective way of letting our clients know it is available. After we explain the benefits and costs, it is the client's choice whether they wish to purchase the coverage. Once again we document our files accordingly. It is the client who must decide what products they wish to purchase. A broker can, and should, recommend appropriate products, but may not place any coverage without instructions from the client. Properly documented files must reflect your recommendations and the client's decisions. In any future dispute as to what was or was not recommended, accepted, your brokerage practices, including file documentation, will be of tremendous value.

Before concluding my remarks, as many of you know, Jeff Bear, a key architect of RIBO, and a man whose personal qualities and razor-sharp intellect have shaped our self-regulatory activities, has decided to retire. Jeff has served the membership of RIBO for almost 32 years of its 34 years. Serving initially as Legal Counsel, Jeff succeeded Ronald Cooper as CEO in 1995. He consistently treats the public and brokers with respect and sensitivity. For brokers seeking guidance and direction, his door has always been open. He offers that same guidance and direction to RIBO Council, ably supporting us and serving as an invaluable resource.

Jeff has decided to step aside at the end of 2015. While all of us are sorry to see him leave, he has surely earned his retirement and we are grateful to have benefited from his

leadership for so long. By way of succession, Council announced the appointment of Patrick Ballantyne to succeed Jeff as RIBO General Manager and CEO. Patrick has been RIBO General Counsel since 2005.

### Presentation of Chris Ward Memorial Award

The Chairperson requested that Norma Hitchlock, RIBO's Chair of the Qualification and Registration Committee present the Chris Ward Memorial Award to Dan Desbiens of Advanced Insurance Broker Inc., for receiving the highest mark on the first attempt of the Level II Examination.

### Presentation of the Donald W. Lambie Education Award

The Chairperson requested that Norma Hitchlock present the Donald W. Lambie Education Award to three individuals for their achievement in receiving the highest mark in the initial RIBO Qualification Examination, they are; Marco De Bruyn of H.L. Staebler Company Limited, Stephen Green of Stewart Morrison Insurance and Dan Somers of Bickerton Brokers Ontario Ltd.

### Presentation of Annual Report

The Chairperson introduced the first item of business, namely the presentation of the Annual Report of the Corporation for the year ended July 31, 2015. She requested that a copy of the Annual Report be filed with the Minutes of this meeting.

The Chairperson then requested that Claire Cornwall of PricewaterhouseCoopers read the auditors' report to members.

Following the reading of the auditors' report, the Chairperson inquired if registrants had any questions. There were no queries at this time.

It was **moved** by Scott Bell and **seconded** by Doug Grahlman that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2015, including the standing Committee Reports and the Auditors' Report on the Financial Statements. **Motion Carried.**

### Appointment of Auditors

It was **moved** Peter Blodgett and **seconded** by Paul Armstrong that PricewaterhouseCoopers be re-appointed as Auditors of the Corporation until the next Annual Meeting or until their successors are appointed, and their remuneration as such be fixed by the Council, and the Council be authorized to fix such remuneration.

**Motion Carried.**

### Election Results

The Chairperson called upon the CEO to announce the results of the election. The CEO, Jeff Bear, reported that this year there were seven candidates running for election.

In the under 20 broker category there were two candidates. The nominees were Marianna Michael and George Longo. The candidate elected to Council in this category was Marianna Michael.

In the over 20 broker category there were five candidates. The nominees were Tracy McLean, Peter Blodgett, Joseph Carnevale, Mike Teixeira and Gil Constantini. The candidates elected to Council in this category are Tracy McLean and Peter Blodgett.

The Chairperson congratulated and welcomed Marianna Michael, Tracy McLean and Peter Blodgett to RIBO Council.

The Chairperson then thanked Gil Constantini for his contribution to RIBO Council over the past three years.

### Question Period

The Chairperson asked at this time if there were any questions from the assembly. There were no questions.

### Termination of Meeting

On behalf of Council, the Chairperson expressed his appreciation to all registrants attending the meeting.

She then requested a motion from the floor to adjourn the meeting.

At 2:13 p.m., there being no further business, it was moved by Peter Blodgett that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. **Motion Carried.**

# **Registered Insurance Brokers of Ontario**

Financial Statements  
**July 31, 2016**



September 22, 2016

## **Independent Auditor's Report**

### **To the Registrants of Registered Insurance Brokers of Ontario**

We have audited the accompanying financial statements of Registered Insurance Brokers of Ontario (RIBO), which comprise the balance sheet as at July 31, 2016 and the statements of operations, changes in the RIBO Professional Indemnification Fund and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP  
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T: +1 416 863 1133, F: +1 416 365 8215*



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of RIBO as at July 31, 2016 and the results of its operations, changes in the RIBO Professional Indemnification Fund and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

# Registered Insurance Brokers of Ontario

## Balance Sheet

As at July 31, 2016

	2016 \$	2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 2)	6,072,150	6,070,582
Cash and investment in trust (notes 2 and 7)	1,000,792	955,792
Prepaid expenses and sundry assets (note 2)	51,256	215,158
	<u>7,124,198</u>	<u>7,241,532</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 2)	113,963	26,445
Unearned revenue (note 2)	2,253,509	2,397,791
	<u>2,367,472</u>	<u>2,424,236</u>
<b>Fund Balances</b>		
RIBO Professional Indemnification Fund (note 7)	1,000,792	955,792
Operating Fund (note 7)	3,755,934	3,861,504
	<u>4,756,726</u>	<u>4,817,296</u>
	<u>7,124,198</u>	<u>7,241,532</u>

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

# Registered Insurance Brokers of Ontario

## Statement of Operations

For the year ended July 31, 2016

	2016 \$	2015 \$
<b>External costs of regulation</b>		
Qualification and registration	160,495	150,511
Complaints and disciplinary investigations and hearings	93,349	208,057
Consumer protection expenses	57,710	57,710
	<u>311,554</u>	<u>416,278</u>
<b>External costs of communication</b>		
Bulletins and mailings	9,310	9,100
Election expenses	20,174	21,556
Annual meeting	35,798	33,422
Communication with other associations	46,208	44,624
Other communication expenses	10,826	17,370
	<u>122,316</u>	<u>126,072</u>
<b>Administration costs</b>		
Salaries and employee benefits	2,838,463	2,521,223
Rent, property taxes and utilities	453,521	453,996
Office and general	385,633	337,063
Professional fees	21,589	17,944
Committees	106,070	97,558
Computer expenses	165,561	85,636
Amortization	-	8,560
	<u>3,970,837</u>	<u>3,521,980</u>
	<u>4,404,707</u>	<u>4,064,330</u>
<b>Funding of operating costs</b>		
Registration and examination fees	4,218,287	4,078,946
Investment and other income	125,850	144,426
	<u>4,344,137</u>	<u>4,223,372</u>
<b>Excess (deficiency) of revenues over expenses for the year</b>	(60,570)	159,042
<b>Transfer from Operating Fund to RIBO Professional Indemnification Fund</b> (note 7)	(45,000)	-
<b>Operating Fund - Beginning of year</b>	<u>3,861,504</u>	<u>3,702,462</u>
<b>Operating Fund - End of year</b>	<u>3,755,934</u>	<u>3,861,504</u>

The accompanying notes are an integral part of these financial statements.

# Registered Insurance Brokers of Ontario

## Statement of Changes in the RIBO Professional Indemnification Fund

For the year ended July 31, 2016

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	2016 \$	2015 \$
<b>Fund balance - Beginning of year</b>	955,792	955,792
Transfer from Operating Fund to RIBO Professional Indemnification Fund (note 7)	45,000	-
<b>Fund balance - End of year</b>	<u>1,000,792</u>	<u>955,792</u>

The accompanying notes are an integral part of these financial statements.

# Registered Insurance Brokers of Ontario

## Statement of Cash Flows

For the year ended July 31, 2016

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	2016 \$	2015 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Registration fees collected	3,574,470	4,069,995
Examination fees collected	499,535	439,390
Investment and other income received	125,850	144,426
Cash paid to suppliers and employees	(4,153,287)	(4,128,069)
	<hr/>	<hr/>
<b>Increase in cash during the year</b>	46,568	525,742
<b>Cash - Beginning of year</b>	6,070,582	5,544,840
<b>Transfer from Operating Fund to RIBO Professional Indemnification Fund (note 7)</b>	(45,000)	-
	<hr/>	<hr/>
<b>Cash - End of year</b>	<u>6,072,150</u>	<u>6,070,582</u>

The accompanying notes are an integral part of these financial statements.

# Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2016

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## 1 Significant corporate information

Registered Insurance Brokers of Ontario (the Corporation or RIBO) was continued as a corporate body without share capital under the Registered Insurance Brokers Act, R.S.O. 1980 (the Act). The Corporation operates as a not-for-profit organization with the general purpose of carrying out the powers and duties conferred on it by the Act. These powers and duties relate primarily to the regulation of insurance brokers in the Province of Ontario.

In accordance with its statutory responsibilities, the Corporation's duties include: administering the qualification and annual registration of brokers; carrying out investigations and conducting disciplinary proceedings in response to complaints and other causes of action; and maintaining communications with registrants and the public.

As required by the Act, the costs of carrying out these duties are funded by fees levied on broker registrants.

The Corporation is required to maintain an ability at all times to discharge its regulatory responsibilities under the Act. Certain costs of discharging these responsibilities (for example, those of disciplinary investigations and hearings) can vary significantly and, consequently, may not be accurately predicted and budgeted for in advance. Accordingly, the Corporation maintains a stop loss insurance policy to anticipate any requirement to finance investigation and trusteeship cost that may increase significantly in excess of the policy deductible in any year.

The Corporation is exempt from income taxes under Section 149(1)(l) of the Income Tax Act (Canada) as a not-for-profit organization.

## 2 Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), Part III of the Chartered Professional Accountants of Canada Handbook. The significant accounting policies adopted by the Corporation are summarized as follows.

### Registration and examination fees

Fees are recorded on an accrual basis. Registration fees cover the annual period from October 1 to September 30 and are received in advance. Registration fees received in the period relating to periods subsequent to July 31, 2016 are deferred and included as unearned revenue on the balance sheet. Unearned revenue consists of fees paid in advance for the 12-month membership period to September 30, 2017 of \$1,595,910 (2015 - \$1,757,510) and fees relating to the last two months of the membership period to September 30, 2016 of \$657,599 (2015 - \$640,281).

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2016

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### Property and equipment and intangible assets

Property and equipment and intangible assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Computer equipment	3 years
Computer software	3 - 5 years

### Financial assets and liabilities

The Corporation initially measures its financial assets and financial liabilities at fair value and subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations. Financial assets, at amortized cost, are tested for impairment at the end of each reporting period when there are indicators the asset may be impaired.

Financial assets measured at amortized cost include cash, cash in trust, and prepaid expenses and sundry assets.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

It is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The estimates are reviewed periodically and as adjustments become necessary they are reported in the year in which they become known. Actual results could differ from those estimates.

## 3 Property and equipment

Computer equipment with a cost of \$76,705 was fully amortized prior to 2015.

## 4 Intangible assets

Intangible assets with a cost of \$118,613 were fully amortized prior to 2015.

## 5 Financial risk management

The Corporation is exposed to liquidity risk and has adopted an integrated risk management framework (the Framework). The Framework provides a consistent methodology to manage risks.

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2016

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### Liquidity risk

Liquidity risk results from the Corporation's potential inability to meet its obligations associated with the financial liabilities as they come due. The Corporation manages its liquidity risk by forecasting cash flows from operations to ensure it has sufficient available funds to meet current and foreseeable financial requirements. The Corporation's exposure to liquidity risk relates to the amount of accounts payable and accrued liabilities.

### Credit risk

Credit risk exists when the Corporation is subject to the risk that a counterparty to an agreement with the Corporation will default on its obligation to perform under the agreement, such as accessing the assets deposited with the financial institution/bank. In addition, there may be practical or time problems associated with enforcing the Corporation's rights to its assets in the case of an insolvency of any such party. Credit risk is managed by the Corporation to use a reputable financial institution/bank for cash and trust account deposits, and the financial information of such financial institution/bank is reviewed to mitigate the risk.

## 6 Commitments

The Corporation is committed to make future minimum lease payments of \$1,799,258 for office premises and equipment operating leases.

The listing of commitments below represents future minimum lease payments for office premises and equipment operating leases as follows:

	\$
2017	247,427
2018	235,497
2019	235,618
2020	236,966
2021	236,966
Thereafter	<u>600,784</u>
	<u>1,799,258</u>

## 7 Fund balances

### RIBO Professional Indemnification Fund (the Fund)

The Fund was established on July 29, 1992 by a deed of trust to cover losses on claims for premiums misappropriated by brokers, not recoverable under the brokerage's standard fidelity bond policy, to a maximum of \$10,000 per claimant.

As at July 31, 2016, the Fund comprised cash in trust of \$1,000,792 (2015 - \$955,792).

# **Registered Insurance Brokers of Ontario**

Notes to Financial Statements

**July 31, 2016**

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Any shortfall in net assets of the Fund from a minimum of \$500,000 may be required to be reimbursed to the Fund from the Operating Fund at the discretion of the trustees of the Fund. At their discretion, the trustees may transfer any surplus above \$500,000 in the Fund to the Operating Fund. The RIBO Council, at its discretion, may amend the deed of trust to vary the minimum net assets required in the Fund.

During the year, the Corporation transferred \$45,000 from the Operating Fund to the RIBO Professional Indemnification Fund for the purpose of earning interest on the balance.

## **Operating Fund**

The Corporation maintains the Operating Fund to assist in the ongoing funding of operations.

