



REGISTERED INSURANCE BROKERS OF ONTARIO

October 18, 2022

Dawn Goodine
Senior Compliance Officer Market Conduct
25 Sheppard Avenue West, Suite 100
Toronto, ON
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Dear Ms. Goodine,

Thank you for your letter of September 20th, 2022. What follows are RIBO's responses to the three recommendations contained therein.

Recommendation 1: To ensure that RIBO is better able to fulfil its statutory mandate (including proactive reviews of brokerage activities and consumer outcomes) regardless of disruption, it is recommended that RIBO: (i) update its Business Continuity and Disaster Recovery Plan to ensure that it is finalized by RIBO's target completion date of July 31, 2022 and (ii) provide written confirmation to FSRA when this is achieved. This is a follow-up recommendation from the prior year but should include the capability to maintain effective supervision (including review of brokerage operations and client files), complaint handling, discipline and governance processes during a disruption such as the COVID-19 pandemic.

Over the course of 2021/22 RIBO has migrated the vast majority of its systems and services to cloud based solutions including Microsoft Office 365 to ensure server back-up and redundancy. In the event of a business interruption or disaster scenario, all systems are backed up and remotely accessible 24/7, 365 days a year. The only requirement for RIBO staff to continue their work is access to a device with an internet connection and their login credentials. This migration was completed as of Q1 2022 and will continue to remain in place until otherwise stated.

Recommendation 2: To assist RIBO in fulfilling its statutory mandate (including the proactive identification of activities or circumstances which could potentially result in consumer harm caused by brokers, and of regulatory activities to better understand, assess and address such potential consumer harm), it is recommended that RIBO delineate priorities and specific outcomes and timelines in its strategic plan; thus, enabling a robust assessment of progress, challenges/constraints, and key measures of success as they relate to broker conduct. For example, evaluate how RIBO identifies key

areas of (potential) consumer harm by a specific date and include specific success measures for the evaluation.

A copy of the multi-year Strategic Plan was provided on October 3, 2022. The Plan outlines four strategic directions for the organizations as well as highlights key initiatives that RIBO will be focused on. Any commentary on priorities and specific outcomes, timelines, and achievements will be included as part of future annual reports.

Recommendation 3: To strengthen RIBO's ability to fulfil its statutory mandate (including the proactive supervision of brokers to assess compliance by brokers with insurance law requirements), it is recommended that RIBO's Take-All-Comers focused spot checks include: (i) an assessment of the brokerage's compliance regimes/controls and (ii) measures to identify non-compliant activities and practices that are initiated by brokerages/brokers and/or insurers. Such activities could include providing incomplete and/or inaccurate underwriting information, deflecting or slowing down quotes to meet specific sales targets/goals, complaint handling, disclosure where quotes are not provided by insurers, and other actions that contravene Take-All-Comers requirements.

As you are aware, RIBO is currently conducting a Take-All-Comers-focused broker review initiative, the draft audit program of which was shared with FSRA during the summer. Among other items, RIBO is asking for written policies and procedures with respect to TAC and how instances of non-compliance with respect to TAC are addressed. More generally, we are attempting to determine broker practices relating to the quoting and placement of auto insurance, both for new business and renewals. As these are ongoing, it is too early to comment on findings, however upon completion of the initial reviews, a report will be shared with all licensees. We are targeting a final report by the end of this year. These reports once finalized, will be shared with our FSRA colleagues and used by RIBO as inputs to our broker risk profile.

If there are any questions or comments, please feel free to reach out to me or our CEO, Patrick Ballantyne.

Yours truly,



Hugh Fardy
President, RIBO

cc: Patrick Ballantyne, CEO