



**ANNUAL REPORT**  
2017-2018





“ 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. ”



## 2017 – 2018 RIBO COUNCIL

Standing (Left to Right):

Rob Walters, Hugh Fardy, Rose Cavaliere, Scott Bell, Peter Blodgett, Diane Scott, Patrick Ballantyne, Teresa Rivero

Seated (Left to Right):

Katie Mellor, Tracy McLean, Jack Lee, Marianna Michael, Cathy York-Sloan

Absent: Mariette Matos



Jack Lee  
President

## Report from the President

I am pleased to present the President's Report for 2017/2018.

I have been deeply honoured to serve as your President.

The only certainty with change is that there will be even more change. Indeed, the last year has brought significant change and accomplishment to RIBO.

RIBO's consumer protection mandate has been strengthened through important reforms to our regulatory framework. This includes significant amendments to the RIB Act and its Regulations.

In February 2018, RIBO conducted its annual strategic planning session with a focus on conflict disclosure and the inquiry complaints and discipline process. Both were particularly timely in view of the legislative amendments. Over the summer months seminars were held for members of the Complaints and Discipline panels to update them on the changes in advance of the recommencement of the Complaints Meetings and Discipline Hearings in the Fall.

As Council considered these issues it was clear that, as brokers, we must always ensure that our clients are properly serviced with a high degree of professionalism and respect. Brokers are expected to "know their clients", and to understand their insurance needs. Further, there must be disclosure of business relationships that might be seen to impact a broker's recommendations such as market ownership in a brokerage. The digital medium will not alter these fundamental principles as it relates to client obligations.

The Government of Ontario has continued its commitment to modernize the regulation of the financial services and insurance sectors. It remains focused on better transparency, overall modernization and enhanced consumer protection. In May 2018, the Financial Services Regulatory Authority (FSRA) appointed its new CEO and completed the

appointment process for its Board of Directors. RIBO looks forward to engaging with FSRA in a constructive manner as the transformation is completed in 2019.

Our legislative changes noted above took full effect on July 1st, 2018.

Some of the highlights include:

- *Hearings of the Discipline and Qualification and Registration Committees are open to the public.*
- *Requirement to cooperate with a RIBO investigation.*
- *Principal Brokers must report misconduct in certain circumstances, such as misappropriation of trust funds or criminal activities.*
- *Better enforcement of RIBO By-laws.*
- *Enhanced penalty provisions for the Discipline Committee.*
- *Increased maximum fine limits against individual members and brokerages.*
- *Updating of Error & Omissions insurance requirements.*

RIBO staff have commenced a major technological upgrade of the RIBO membership system. While many have experienced some short-term frustrations, these teething troubles are typical in any large-scale overhaul of existing technology, I am confident that once up and running, it will meet the needs of the membership for years to come.

I 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 the 2017/2018 year.

This has been a year of fairly dramatic change for RIBO and its members. I want to touch on some of the highlights.

After a comprehensive review of the Registered Insurance Brokers Act ("RIBA") and its Regulations, Council made numerous recommendations to the Ontario Ministry of Finance for modernization of that legislation. Following consultation with stakeholders and considerable and comprehensive dialog with Ministry staff, changes to both the Act and Regulation 991 were passed by the Government and came into full effect on July 1st, 2018. Included in these amendments were updates to Errors and Omissions insurance requirements as well as a transition to public hearings of the Discipline Committee. Overall, these changes enhance RIBO's ability to fulfill our public protection mandate and represent the first major update of our legislation since RIBO's inception.

Broker registrations have remained consistent. We closed the year with 19,485 individual brokers and 1105 brokerage

registrations. Working with an external consultant, we designed and commenced implementation of a new member registration system. Our aim is to enable numerous efficiencies and enhancements for all users, including the membership, staff and the public. We will continue to roll out and improve the new registration system over the coming months. As we refine the user experience, we welcome comments and suggestions from the membership.

As noted in last year's Report, Council has approved an update of RIBO's continuing education requirements to be effective on October 1st, 2018. While no additional CE hours will be required,

- a new "ethical skills" category will be introduced,
- there will be a minimum number of "technical skills" hours required,
- there will be a maximum number of "personal skills" hours allowed.

Council will soon appoint a broker committee to be responsible for reviewing

*continue...*

*...continue*

all course submissions. Complete details of all changes will be sent to the membership once finalized.

In the 2017/ 2018 Council elections, Rose Cavaliere was elected to RIBO Council, while both Jack Lee and Scott Bell were re-elected. Jack Lee was also elected President by his colleagues on Council. Other officers on the executive for 2017/ 2018 included Scott Bell (Vice-President), Peter Blodgett (Treasurer) and Marianna Michael (Secretary). The Government of Ontario re-appointed Teresa Rivero to Council. She, along with Diane Scott, Mariette Matos and Rob Walters serve as our Public Members. I would also like to acknowledge departing broker member George Longo who, during the previous Council term, agreed to step up to fill a Council vacancy. George has remained engaged with our operations through volunteer work on our Complaints Committee.

Visitors to our offices would have noticed it was a somewhat dark and oddly laid out space. At long last, we completed leasehold improvements designed to enhance accessibility, as well as to open and brighten the workplace for RIBO staff and visitors. Without assuming additional square footage, we were also able to create additional meeting rooms

to accommodate the increase in exam applicants and more efficient and effective workspaces.

Beyond our provincial borders, RIBO remains active within CISRO (Canadian Insurance Services Regulatory Organizations). This assembly of provincial insurance intermediary regulators works toward consistent or harmonized responses to common issues. One such issue is the "Fair Treatment of Customers". RIBO has been participating in a working group consisting of members of CISRO as well as the Canadian Council of Insurance Regulators (CCIR). The goal is to create harmonized guidelines and expected outcomes for market participants in how to treat customers fairly. It stems from international standards established by the International Association of Insurance Supervisors, a voluntary membership organization of insurance supervisors and regulators from more than 200 jurisdictions in nearly 140 countries. The final 'fair treatment' document is expected in the Autumn of 2018. We expect that it will be consistent with what RIBO already requires of brokers, both through our Code of Conduct and our own "Fair Treatment of Customers" Guideline that was introduced by Council in 2015.

RIBO staff maintain a close working relationship with staff of the Financial

*continue...*

*...continue*

Services Commission of Ontario. When appropriate, we aim to co-ordinate responses to common industry concerns. We are also engaged with the new Board and staff of the nascent Financial Services Regulatory Authority (FSRA) which is designed to be a modern, responsive and independent financial services regulator and is expected to replace FSCO in 2019.

We value our relationship with both the Insurance Brokers Association of Ontario and the recently renamed Toronto Insurance Council. Through open and honest dialog with their staff and volunteers, RIBO better executes our mandate and plan for the future.

I also seek the guidance of the membership through face to face meetings with brokers across the Province. As I have noted previously, I believe these meetings afford brokers an opportunity to directly weigh in on issues of concern to them and their clients. Please feel free to reach out to me if you would like to arrange a visit.

In closing, my team and I are honored to serve the Ontario public and the brokers who serve them. As always, we look forward to the coming year, and welcome thoughtful suggestions on how we might better execute our important public mandate.



Hugh Fardy  
Chair

# Report of the Professional Development Committee

The Registered Insurance Brokers Act (RIBA) 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 because 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 Complaints Officer reviews it and decides whether there are grounds to substantiate the complaint against a registered broker or not. 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 enquiry file is opened and assigned to an investigator for further examination. Additional information 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 information 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 reflect the excellent work done by our Complaints and Investigations Department. The Director, Tim Goff, continues to review the internal procedures of the Department, and constantly looks for ways to improve them.

- RIBO received approximately **1053** inquiry telephone calls last year, which is a slight increase over the calls from the previous year. The Complaints Officer attempts to resolve as many of the complaint calls within RIBO's jurisdiction as possible. Of the **1053** consumer inquiry calls, approximately **90%** of the "telephone complaints" were resolved in this manner.
- **87** 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 **78** active files, meaning investigations or complaints proceedings were already in progress from the previous year.
- **89** files were resolved and closed this year, leaving **76** 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 **6** 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, **1** of the files was closed in the broker's favour with **25** cases raising issues regarding misconduct, resulting in referral to the Discipline Committee for further review.



...continue

- Of the **25** cases that raised issues regarding misconduct, **15** were referred directly to the Discipline Committee for hearings and **10** 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 6 days during the year. **17** cases were presented for approval on a consent basis and 1 required a hearing.
  - 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 **235** spot checks of which only **10** 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 **235** 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 team in the Complaints and Investigations 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	17/18	16/17
Non - Compliance	40	50
Public	35	43
Member Brokers	11	27
Insurers	1	6
Lawyers	0	4
Government & Other Sources	0	0
<b>Total</b>	<b>86</b>	<b>130</b>

Type	17/18	16/17
Code of Conduct	55	91
Other Misconduct	1	0
Delinquent Filing	6	10
Trust Funds	5	20
Equity Requirements	3	4
Financial Records	1	5
Non-Compliance (other regs.)	0	0
Criminal Allegations	0	0
<b>Total</b>	<b>71</b>	<b>130</b>

Disposition of Disciplinary Proceedings	17/18	16/17	15/16
Certificate of Registration Revoked	4	2	2
Certificate of Registration Suspended	2	4	0
Certificate of Registration Restricted	1	2	1
Attendance at Education Course Ordered	6	3	1
Additional Financial Reports Ordered	4	6	5
Fines, Payable to Ministry of Finance	1	2	1
Registrant Reprimanded	5	10	2
Dismissed in Broker's Favour	0	0	0
Adjourned	0	1	1



Scott Bell  
Chair

# REPORT OF THE QUALIFICATION & REGISTRATION DEPARTMENT

It has been a great privilege to serve as the Qualification and Registration Committee Chair

As another year passes, our industry continues to evolve and face new challenges. Over the past year I have had the honour to be part of that process as Chair of the Qualification and Registration Committee. By monitoring industry changes and continuously updating the educational requirements, it ensures that a high standard of professional competence and public protection is maintained.

Participating on committees including the CISRO General Insurance Licensing Qualification Review Committee reinforces our responsibilities as a regulator.

The following statistical summary details the work of the Committee and department over the last fiscal year (August 1, 2017 - July 31, 2018):

New Brokers – Acting Under Supervision	17/18	16/17
Exams Written (including equivalency exams)	3,025	2,874
Pass Rate (including equivalency exams)	61%	61%
Pass Rate (full basic-broker exam) for those attending a course	71%	74%
Pass Rate (full basic-broker exam) for those not attending a course	60%	56%

Level II - Removal of Restriction	17/18	16/17
<b>Technical Exams Written</b>	<b>10</b>	<b>16</b>
Pass Rate	40%	44%
<b>Management Exams Written</b>	<b>104</b>	<b>93</b>
Pass Rate	63%	62%

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

Committee Decisions	Granted	Refused
Application for Secondary Business Exemption	187	0
Application for Removal of Restrictions	0	0
Other	9	1

The Committee reviewed a total of 197 requests. The majority (187) 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 187 secondary business exemptions. Twenty 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 one brokerage firm permission to share office space and recommended that Council grant permission to seven brokerage firms in another province to hold their Ontario Trust Monies in their home province on the condition that they comply with the enacted RIBO Regulations. The Committee also granted permission to one application to proceed with the registration process and refused an application where the individual did not meet the suitability qualifications for RIBO.

Hearing Summary		17/18	16/17	15/16	14/15
Review of Qualification to hold a certificate	Granted	0	0	0	0
	Refused	3	0	1	0
Application for Exemption Secondary Occupation	Granted	0	0	0	1
	Refused	0	0	1	0
Application for Removal of Restriction	Granted	0	0	0	0
	Refused	0	0	0	0
Other	Granted	1	0	0	1
	Refused	0	0	0	0
<b>Total</b>		<b>4</b>	<b>0</b>	<b>2</b>	<b>2</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. A request for a hearing was made for the one refusal and of the three cases pending from prior years, the Committee granted one request with conditions following a hearing and confirmed its proposed decision in the other two.

Registration	17/18	16/17	15/16	14/15
Individual Registrants	19,485	19,185	18,928	18,389
Corporations	1,021	1,048	1,064	1,090
Partnerships	13	14	16	18
Sole Proprietorships	5	6	6	8
Consultants	10	10	10	8
MGA/Wholesalers	56	56	51	48
Active Businesses	*1,105	*1,134	*1,147	*1,172
Average number of registrants per business	17.63	16.92	16.50	15.69

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

## 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'm pleased to announce that this year's recipient is Lindsay Panning of Thomas I Hull Insurance Limited.



Jack Lee  
with 2017 Chris Ward Memorial Award Recipient

**Quincy Huntley**  
of D.G. Smith Insurance Brokers Limited

# 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, there are two recipients of the award and they are Michaela Crown of Canada Brokerlink (Ontario) Inc. and Danielle Frechette of The Standard Insurance Brokers Ltd.

Please join us in congratulating the award winners. We look forward to recognizing their achievements at the Annual Meeting on November 8, 2018.

I would like to thank everyone for this opportunity and my fellow Council members for their encouragement and contributions. I would also like to thank the dedicated and hard-working staff of the Qualification and Registration Department for their support throughout the year.

I wish everyone great success in the coming year.



Jack Lee  
with 2017 Donald W. Lambie Award Recipient

**Kirby Parkinson**  
of Parry Sound Insurance Brokers Ltd.

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



## RIBO STAFF 2017 - 2018

Standing (Left to Right):

Angela Daley, Christopher Thorn, Jorge Guzman, Barbara Dalglish-Reid, Diana Campoli, Tracy Cullen, Lise Clements, Sheron Fraser, Irene Chung, Laurie Reynolds, Erica Lo, Calvin Chan, Vivelyn Chiem, Arthur Kosikowski, Valrie Bailey, Gustavo Blandon.

Seated (Left to Right):

Tim Goff, Vivian Lee, Patrick Ballantyne, John Goldsmith, Winston Koo.

Absent:

Michael Buck, Debbie Lee, Crystal Skyvington, Wendy Wu.

# Registered Insurance Brokers of Ontario

**Minutes** of the Thirty-Sixth Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 9th, 2017 at 1:30 p.m. in the Arcadian Loft of the Simpson Tower, Toronto, Ontario.

## Opening of Meeting

The outgoing President, Tracy McLean, introduced members of the Board for 2017 that were in attendance. They were: Scott Bell, Peter Blodgett, Rose Cavaliere, Hugh Fardy, Jack Lee, Katie Mellor, Marianna Michael, Teresa Rivero, Diane Scott, Rob Walters and Cathy York-Sloan.

The Chairperson then introduced Patrick Ballantyne, 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 Sheron Fraser, Calvin Lo, 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 Notice calling the meeting, together with the Annual Report and Financial Statements of the Corporation, were provided electronically 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 10, 2016 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 Robert Harrison and **seconded** by David Yeates that the Minutes of the November 10, 2016 Annual Meeting be approved as presented. **Motion Carried.**

## President's Report

Tracy McLean 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 Council has charted a course for positive change, with a focus on enhancing our public protection capabilities.

In February 2017, RIBO conducted its annual strategic planning session entitled, "supporting a culture of professionalism", we considered a range of issues including,

- Current licensing requirements,
- The role, duties and responsibilities of a principal broker, and
- Continuing education.

Also discussed was the broker's duty to provide competent advice and the challenge of meeting consumer expectations in a multi-faceted distribution system.

A key action item from these discussions was the recently announced refinement to broker CE requirements. Council discussed these topics with the best interests of the public as a paramount consideration. As with brokers, RIBO must always act in the best interests of consumers.

Brokers are under a continuing obligation to provide responsible insurance advice that addresses individual client needs. This is true whether this advice is provided through a digital platform or in a more traditional "face to face" meeting and everywhere in between. The digital medium will not alter this fundamental principle for dealing with the insurance consumer.

The Government of Ontario has maintained its commitment to modernize and update the financial services regulation, including the insurance sector. Focusing on transparency, modernization and enhanced consumer protection, the Minister of Finance announced the appointment of a board of directors for the newly created Financial Services Regulatory Authority ("FSRA"), the agency which will assume responsibility for financial service regulation from FSCO.

RIBO, as well, is seeking to improve our own transparency and public protection capabilities, with an overall view toward modernization. As an example, Council submitted a detailed working paper outlining proposed updates to the registered insurance brokers act ("RIBA") and its regulations. This is the most comprehensive review of RIBO's statutory mandate since 1981.

Since this submission, RIBO staff have held a number of meetings with the Ministry of Finance whose feedback has been positive to the proposed changes. RIBO staff have also recently met with members of the newly appointed FSRA Board of Directors in order to engage RIBO with the new regulatory authority.

As with brokers, Council must focus on the challenges and opportunities of technology and an ever-evolving marketplace. We must always be looking ahead as the pace of disruption accelerates in all industries including our own. Clearly, these changes will

impact our approach to broker regulation. Council, along with our staff, must determine how the public will be impacted, both positively and negatively. Like the industry we regulate, RIBO too must adapt to change.

RIBO, on behalf of Ontario brokers, must always ensure that consumers' best interests are at the forefront of our regulatory activities. One of our goals is to ensure that our reputation as a responsible and thoughtful regulator continues to be deserved. We should never lose sight of the fact that self-regulation is a privilege and not a right.

### Presentation of Chris Ward Memorial Award

The Chairperson requested that Jack Lee, RIBO's Chair of the Qualification and Registration Committee present the Chris Ward Memorial Award to Quincy Huntley of D.G. Smith Insurance Brokers Limited for receiving the highest mark on her first attempt of the Level II Examination.

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

The Chairperson requested that Jack Lee present the Donald W. Lambie Education Award to Kirby Parkinson of Parry Sound Insurance Brokers Limited of Parry Sound, Ontario for his achievement in receiving the highest mark in the initial RIBO Qualification Examination.

### 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, 2017. 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 Beth Pearson and **seconded** by Paul Armstrong that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2017, including the standing Committee Reports and the Auditors' Report on the Financial

Statements. **Motion Carried.**

### Appointment of Auditors

It was **moved** Scott Bell and **seconded** by Bob Carter 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, Patrick Ballantyne, reported that this year there were nine candidates running for election.

In the under 20 broker category there were three candidates. The nominees were Scott Bell, Rose Cavaliere and George Longo. The candidates elected to Council in this category are Scott Bell and Rose Cavaliere.

In the over 20 broker category there were two candidates. The nominees were, Jack Lee and Marc Hudon. The candidate elected to Council in this category is Jack Lee.

The Chairperson congratulated and welcomed Scott Bell, Jack Lee and Rose Cavaliere to RIBO Council.

The Chairperson then thanked retiring members Nick Dzudz and George Longo for their contribution to RIBO Council.

### Question Period

The Chairperson asked at this time if there were any questions from the assembly. A member from the assembly inquired about the lower number of votes with the inception of the on-line election platform. The Chairperson advised that although the numbers were lower than previous years, we are hopeful that these numbers will rise once the membership get more comfortable with the electronic voting platform.

### 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 2:00 p.m., there being no further business, it was **moved** by Beth Pearson that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. **Motion Carried.**



# **Registered Insurance Brokers of Ontario**

Financial Statements  
**July 31, 2018**



September 12, 2018

## **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, 2018 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

---

*PricewaterhouseCoopers LLP  
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2  
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 Registered Insurance Brokers of Ontario as at July 31, 2018 and the results of its operations, changes in the 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, 2018

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 2)	4,394,240	6,143,891
Cash and investment in trust (notes 2 and 7)	1,000,792	1,000,792
Prepaid expenses and sundry assets (note 2)	46,851	51,798
	<u>5,441,883</u>	<u>7,196,481</u>
<b>Intangible assets</b> (note 4)	203,236	-
<b>Property and equipment</b> (note 3)	558,233	52,413
	<u>761,469</u>	<u>52,413</u>
	<u>6,203,352</u>	<u>7,248,894</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 2)	25,645	83,657
Unearned revenue (note 2)	1,213,003	2,319,008
	<u>1,238,648</u>	<u>2,402,665</u>
<b>Fund Balances</b>		
<b>RIBO Professional Indemnification Fund</b> (note 7)	1,000,792	1,000,792
<b>Operating Fund</b> (note 7)	3,963,912	3,845,437
	<u>4,964,704</u>	<u>4,846,229</u>
	<u>6,203,352</u>	<u>7,248,894</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, 2018

	2018 \$	2017 \$
<b>External costs of regulation</b>		
Qualification and registration	146,008	142,892
Complaints and disciplinary investigations and hearings	114,689	89,813
Consumer protection expenses	57,710	57,710
	<u>318,407</u>	<u>290,415</u>
<b>External costs of communication</b>		
Bulletins and mailings	9,140	9,110
Election expenses	20,871	17,487
Annual meeting	23,080	37,516
Communication with other associations	36,541	47,789
Other communication expenses	17,026	31,865
	<u>106,658</u>	<u>143,767</u>
<b>Administration costs</b>		
Salaries and employee benefits	2,850,667	2,718,695
Rent, property taxes and utilities	452,527	458,979
Office and general	471,904	403,331
Professional fees	19,458	17,899
Committees	78,023	103,568
Computer expenses	197,528	192,547
Amortization	110,945	6,552
	<u>4,181,052</u>	<u>3,901,571</u>
	<u>4,606,117</u>	<u>4,335,753</u>
<b>Funding of operating costs</b>		
Registration and examination fees	4,587,884	4,325,570
Investment and other income	136,708	99,686
	<u>4,724,592</u>	<u>4,425,256</u>
<b>Excess of revenues over expenses for the year</b>	118,475	89,503
<b>Operating Fund - Beginning of year</b>	<u>3,845,437</u>	<u>3,755,934</u>
<b>Operating Fund - End of year</b>	<u>3,963,912</u>	<u>3,845,437</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, 2018

---

	2018 \$	2017 \$
Fund balance - Beginning of year	1,000,792	1,000,792
Fund balance - End of year	1,000,792	1,000,792

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, 2018

---

	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Registration fees collected	2,853,515	3,812,455
Examination fees collected	567,604	545,255
Investment and other income received	197,468	133,045
Cash paid to suppliers and employees	(4,659,182)	(4,419,014)
	(1,040,595)	71,741
<b>Investing activities</b>		
Purchase of capital assets	(709,056)	-
<b>(Decrease) increase in cash during the year</b>	(1,749,651)	71,741
<b>Cash - Beginning of year</b>	6,143,891	6,072,150
<b>Cash - End of year</b>	4,394,240	6,143,891

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

# Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2018

---

## 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, 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 during the period relating to periods subsequent to July 31, 2018 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, 2019 of \$527,580 (2017 - \$1,662,700) and fees relating to the last two months of the membership period to September 30, 2018 of \$685,423 (2017 - \$656,308).



# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2018

---

### 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 software	3 years
Computer equipment	3 years
Office furniture	6 years
Leasehold improvement	6 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 statement 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

The Corporation purchased new computer equipment during fiscal year 2016 - 2017, at a cost of \$58,964.

	Cost \$	Accumulated amortization \$	Net \$
Computer equipment	58,964	26,106	32,858

The Corporation purchased new office furniture during the current fiscal year, at a cost of \$88,801.

	Cost \$	Accumulated amortization \$	Net \$
Office furniture	88,801	7,400	81,401

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2018

---

The Corporation entered an office renovation project with Jesslin Group. The total project cost was agreed upon at \$487,317.

	<b>Cost</b> \$	<b>Accumulated amortization</b> \$	<b>Net</b> \$
Leasehold improvement	487,317	43,343	443,974

### 4 Intangible assets

During the current fiscal year, the Corporation purchased and installed a new membership system. This intangible asset was acquired at a cost of \$243,883.

	<b>Cost</b> \$	<b>Accumulated amortization</b> \$	<b>Net</b> \$
Computer software	243,883	40,647	203,236

### 5 Financial risk management

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

#### Liquidity risk

Liquidity risk results from the Corporation's potential inability to meet the obligations associated with its 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.

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2018

---

### 6 Commitments

The Corporation is committed to making future minimum lease payments of \$1,363,078 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:

	\$
2019	252,116
2020	256,464
2021	253,714
2022	246,052
2023	250,399
Thereafter	<u>104,333</u>
	<u>1,363,078</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, 2018, the Fund comprised cash in trust of \$1,000,792 (2017 - \$1,000,792).

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.

In 2016, the Corporation transferred \$45,000 from the Operating Fund to the 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.

