

# RIBO



ANNUAL REPORT  
2018 | 2019



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



## 2018 – 2019 RIBO COUNCIL

Standing (Left to Right):

Jack Lee, Hugh Fardy, Rose Cavaliere, Scott Bell, Peter Blodgett, George Longo, Diane Scott, Royle Leung, Rob Walters.

Seated (Left to Right):

Teresa Riverso, Cathy York-Sloan, Patrick Ballantyne, Katie Mellor, Mariette Matos.



**Scott Bell**  
President

## Report from the President

I am pleased to present the President's Report for 2018/2019.

I have been deeply honoured to serve as your President for the 2018/2019 year.

I am pleased to report that Council and RIBO staff have been actively engaged and moving forward with a number of important initiatives.

In February 2019, RIBO conducted its annual strategic planning session which focused on a review of the Qualification and Registration policies and procedures. Council aimed to identify opportunities to refine existing policies to ensure their continued relevancy.

RIBO also posted on its website a revised Code of Conduct Handbook to reflect the changes to both the Act and Regulations which took full effect on July 1, 2018.

The goal of the updated information is not only to enhance consumer protection and awareness but to ensure that licensees are fully apprised of the new provisions in order to better serve and protect their clients.

Council also approved our updated Fair Treatment of Customers document. It replaces the 2015 version and is available on the RIBO website. RIBO's Code of Conduct reflects the core of the 'fair treatment' principles as they apply to the protection of consumers.

The Government of Ontario has continued with its commitment to modernize the regulation of the financial services and insurance sector. To that end, on June 8, 2019, the transformation from FSCO to FSRA was fully implemented with the new authority assuming all of the regulatory responsibilities previously administered by FSCO.

RIBO continues to dialogue and be an active participant with insurance regulators across the country through its membership in Canadian Insurance Services Regulatory Organization (CISRO). RIBO, along with FSCO, co-hosted the CISRO annual spring meeting which was held at RIBO offices on May 8 & 9, 2019.

The recent hardening of insurance markets has prompted me to reflect that brokers must always strive to put the interest of clients first and ensure that all required coverages are in place and that the needs analysis required for each client is of paramount consideration. One must always "know and protect your client" in all market conditions.

I sincerely thank my fellow Council members, RIBO staff and all of our membership for your support and encouragement.



Patrick Ballantyne  
Chief Executive Officer

# Report from the Chief Executive Officer

I am pleased to offer my Report for the 2018/2019 year.

In the 2018 Council elections, Peter Blodgett and Royle Leung ('20 and over' brokers category) as well as George Longo ('under 20' brokers category) were acclaimed. Scott Bell was elected President by his colleagues on Council. Other officers of the executive for 2018/2019 included Jack Lee (Immediate Past President), Peter Blodgett (Vice President), Katie Mellor (Treasurer) and Hugh Fardy (Secretary).

In welcoming our new Council members, I would also like to acknowledge departing member Tracy McLean for her years of outstanding service to RIBO. Council and RIBO staff are grateful for her generous contributions over the years.

This year has seen a continuation of a positive trend in broker registrations. The number of applications received and exams written is up significantly, with a corresponding increase in revenue. Efficiently managing the increased volume remains a focus of RIBO staff. To that end, the new registration system will afford us opportunities to bring some functionality online. I look forward to reporting on these advancements in next year's report.

This has been the first year that Council's refinements to the Continuing Education requirements have come into effect. These include;

- A new "ethical skills" category will be introduced (minimum 1 hour),
- a minimum of three hours of "technical" courses,
- a maximum of 2 "personal skills" hours.

Council is confident that these refinements will serve to enhance the level of professionalism amongst personal and casualty insurance brokers in Ontario.

RIBO remains an active participant in the Canadian Insurance Services Regulatory Organizations (CISRO). Through it, RIBO works with other regulatory insurance intermediaries to search for a consistent or harmonized response to common issues. Of particular note are ongoing discussions on the feasibility of a common, Canada-wide personal and casualty insurance curriculum. We have also worked through CISRO and the Canadian Council of Insurance Regulators to issue a "Fair Treatment of Customers Guidance" aimed at

achieving a consistent customer-centric approach for all industry participants across the country.

Both inside and outside of CISRO, we continue to nurture our relationship with other regulatory agencies. In particular, we look forward to establishing close ties with the new Financial Services Regulatory Authority of Ontario and coordinating responses to emerging issues, trends and matters of common concern.

Through dialogue with both the Toronto Insurance Conference and the Insurance Brokers Association of Ontario, we benefit from a better understanding of their issues and concerns. By keeping our 'ear to the street', we seek to remain aware of and engaged with industry developments. Both through the associations and on an individual basis, we strive to offer timely guidance to all RIBO licensees.

Council is conducting a review of RIBO's existing communication avenues, including the quarterly bulletin, e-mail blasts and the website. The aim is to reconsider and refine those efforts in a way that will make them more useful for all stakeholders.

Some of you may have noticed that RIBO's broker spot check program has been expanded, affording examination staff a 'deeper dive' into the operations of our licensees. While the previous spot check was primarily financially focused, it is fair to say that brokerages are now financially more sound than when the program was introduced many years ago. The new program retains a financial component, but also includes conduct related elements enabling us to consider how consumers interests are being managed. We believe this evolution of the program is necessary and enables RIBO to more effectively execute our consumer protection mandate.

In closing, and consistent with my message of past years, the strength of RIBO is found in the brokers we regulate. Please do not hesitate to reach out to any Council or staff member with your concerns or suggestions.



**Cathy York-Sloan**  
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.

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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 probable 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 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 reflect the excellent work done by our Complaints and Investigations Department.

- RIBO received approximately **1190** 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 **1190** consumer inquiry calls, approximately **90%** of the "telephone complaints" were resolved in this manner.
- **86** 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 **76** active files, meaning investigations or complaints proceedings were already in progress from the previous year.
- **66** files were resolved and closed this year, leaving **84** 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 **5** 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, **3** of the files were closed in the broker's favour with **16** cases raising issues regarding misconduct, resulting in referral to the Discipline Committee for further review.
- Of the **16** cases that raised issues regarding misconduct, **4** were referred directly to the Discipline Committee for hearings and **12** were offered a resolution on a consent basis.

...continue

- The Discipline Committee consists of a five-member panel, comprised of four brokers and one public member. These panels held hearings on **10** days during the year. **17** cases were presented for approval on a consent basis and 6 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 and broker review program this year resulted in **197** reviews (**139** spot checks and **57** broker reviews), of which **4** resulted in any kind of formal proceeding. There were **12** reviews in progress or with follow up at fiscal year end included in the total number of reviews. This year the goal is to conduct **216** brokerage visits.

## Professional Development Charts

### Source and Type of Complaint Files

Source	18/19	17/18
Non – Compliance	32	40
Public	44	35
Member Brokers	17	11
Insurers	2	1
Lawyers	1	0
Government & Other Sources	5	0
<b>Total</b>	<b>101</b>	<b>87</b>

Type	18/19	17/18
Code of Conduct	70	55
Other Misconduct	0	1
Delinquent Filing	2	4
Trust Funds	17	13
Equity Requirements	6	8
Financial Records	1	6
Non-Compliance (other regs.)	4	0
Criminal Allegations	1	0
<b>Total</b>	<b>101</b>	<b>87</b>

Disposition of Disciplinary Proceedings	18/19	17/18	16/17
Certificate of Registration Revoked	0	4	2
Certificate of Registration Suspended	3	2	4
Certificate of Registration Restricted	0	1	2
Attendance at Education Course Ordered	4	6	3
Additional Financial Reports Ordered	6	4	6
Fines, Payable to Ministry of Finance	6	1	2
Registrant Reprimanded	11	5	10
Dismissed in Broker's Favour	1	0	0
Adjourned	1	0	1



**Peter Blodgett**  
Chair

# REPORT OF THE QUALIFICATION & REGISTRATION DEPARTMENT

It has been an honour and a privilege to serve as the Qualification and Registration Committee Chair this year.

As evolving new areas of focus and technologies arise, our industry is constantly being challenged. The Qualification and Registration Committee is committed to ensuring that the regulatory responsibility of public protection is fulfilled and that a high standard of professional competence is maintained. The Committee meets monthly to

review issues and update the educational and professional requirements.

The following statistical summary details the work of the Committee and department over the last fiscal year (August 1, 2018 – July 31, 2019):

New Brokers – Acting Under Supervision	18/19	17/18
Exams Written (including equivalency exams)	3,409	3,025
Pass Rate (including equivalency exams)	62%	61%
Pass Rate (full basic-broker exam) for those attending a course	69%	71%
Pass Rate (full basic-broker exam) for those not attending a course	60%	60%

Level II - Removal of Restriction	18/19	17/18
<b>Technical Exams Written</b>	17	10
Pass Rate	12%	40%
<b>Management Exams Written</b>	92	104
Pass Rate	70%	63%

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	232	0
Application for Removal of Restrictions	0	0
Other	9	1

The Committee reviewed a total of 242 requests. The majority (232) 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 232 secondary business exemptions. Seventeen 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 six 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 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		18/19	17/18	16/17	15/16
Review of Qualification to hold a certificate	Granted	1	0	0	0
	Refused	0	3	0	1
Application for Exemption Secondary Occupation	Granted	0	0	0	1
	Refused	0	0	0	1
Application for Removal of Restriction	Granted	0	0	0	0
	Refused	0	0	0	0
Other	Granted	0	1	0	0
	Refused	0	0	0	0
<b>Total</b>		<b>1</b>	<b>4</b>	<b>0</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 following the hearing, the Committee granted the request with conditions.

Registration	18/19	17/18	16/17	15/16
Individual Registrants	19,628	19,485	19,185	18,928
Corporations	1,023	1,021	1,048	1,064
Partnerships	13	13	14	16
Sole Proprietorships	5	5	6	6
Consultants	12	10	10	10
MGA/Wholesalers	59	56	56	51
Active Businesses	*1,112	*1,105	*1,134	*1,147
Average number of registrants per business	17.65	17.63	16.92	16.50

\*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. This year, there are two recipients of the award and they are Kyle Brill of James Insurance Broker Limited and Jordan Switzer of Isure Insurance 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. I'm pleased to announce that this year's recipient is Jennifer Carswell of Marsh Canada Limited.

Please join us in congratulating the award winners. We look forward to recognizing their achievements at the Annual Meeting on November 7, 2019.

I would like to take this opportunity thank my fellow Council members for their collaboration, contribution and support. I would also like to extend my sincere gratitude and appreciation to the Qualification and Registration Staff who support the Committee and work tirelessly throughout the year.

Should you have any questions, please do not hesitate to contact RIBO staff or committee members at any time.

Scott Bell  
with 2018 Donald W. Lambie Award Recipients



**Danielle Frechette**  
The Standard  
Insurance Brokers Ltd.



**Michaela Crown**  
Canada Brokerlink  
(Ontario) Inc.

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



## RIBO STAFF 2018 - 2019

Standing (Left to Right):

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

Seated (Left to Right):

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

Absent:

Michael Buck, Jorge Guzman, Debbie Lee, Wendy Wu.

# Registered Insurance Brokers of Ontario

**Minutes** of the Thirty-Seventh Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 8<sup>th</sup>, 2018 at 1:30 p.m. in the Arcadian Loft of the Simpson Tower, Toronto, Ontario.

## Opening of Meeting

The outgoing President, Jack Lee, introduced members of the Board for 2018 that were in attendance. They were: Scott Bell, Peter Blodgett, Rose Cavaliere, Hugh Fardy, Mariette Matos, Katie Mellor, 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 Ryan Koo and Devon Ng 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 9, 2017 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 Beth Pearson and **seconded** by John Gelston that the Minutes of the November 9, 2017 Annual Meeting be approved as presented. **Motion Carried.**

## President's Report

Jack Lee thanked his fellow Council members and expressed her pleasure to have served as RIBO's President over the past year. His report included the following comments.

RIBO Elections continue to be of high importance as they are integral to the privilege of self-regulation. The only certainty with change is that there will be even more change. The last year has brought about a significant evolution and series of accomplishments to RIBO.

RIBO's Consumer Protection Mandate has been strengthened through important reforms to our regulatory framework. This includes significant amendments to the RIBO Act and its regulations.

In February of 2018, RIBO conducted its Annual Strategic Planning Session with a focus on conflict disclosure and the inquiry, complaints and discipline process. All 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 re-commencement of the Complaints meetings and Discipline hearings in the fall.

As Council discussed these issues and the particular discussions centered around conflict disclosure, it was apparent that brokers must always ensure that clients are properly serviced with a high degree of professionalism and respect. Brokers are obligated to know their clients and to understand their insurance needs.

Some examples would include timely communication with properly documented files, disclosure of business relationships that might be seen to impact broker's recommendations, such as market ownership in a brokerage and the presentation of market choice to a client, which is already a RIBO By-Law. 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 a transformation is completed in 2019.

RIBO's legislative changes noted above took full effect on July 1, 2018. Some of the highlight include:

- Hearings of Discipline and Qualification and Registration Committees are now 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 Errors & 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. RIBO is confident that, once up and running, it will meet the needs of the membership for years to come.

There have also been significant developments regarding the implementation of a Harmonized Fair Treatment of Customers Guideline. The Guideline aims to ensure a common understanding between regulators including FSCO and RIBO and our licensees about what it means to treat consumers fairly throughout the life cycle of a financial product. RIBO has been actively participating in the development of the Guideline. RIBO's multi-year experience with its own Fair Treatment of Customers Guideline and the RIBO Code of Conduct have proven invaluable in these discussions.

A final document reflecting these principles was posted on various regulatory website in September.

### Presentation of Chris Ward Memorial Award

The Chairperson advised that the winner of the Chris Ward Memorial Award is Lindsay Panning of Thomas I. Hull Insurance Limited, Toronto, Ontario for receiving the highest mark on her first attempt of the Level II Examination. Unfortunately, Lindsay could not be with us today for the presentation.

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

The Chairperson advised that we have a tie this year and asked Scott Bell to present the Donald W. Lambie Education Awards to Danielle Frechette of The Standard Insurance Brokers Ltd., Dryden, Ontario and Michaela Crown of Canada Brokerlink (Ontario) Inc., North Bay, Ontario for their 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, 2018. He requested that a copy of the Annual Report be filed with the Minutes of this meeting.

It was **moved** by David Yeates and **seconded** by Neville Herring that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2018, including the standing Committee Reports and the Auditors' Report on the Financial Statements. **Motion Carried.**

### Appointment of Auditors

The Chairperson then requested that Tamara Jones 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** Peter Blodgett and **seconded** by Brian Purcell 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 three positions open for Council. As we only received three nominations, we did not require a formal poll.

The three candidates acclaimed to Council this year are Peter Blodgett, Royle Leung, both in the 20 and over broker category and George Longo in the under 20 broker category.

The Chairperson congratulated and welcomed Peter Blodgett, Royle Leung and George Longo to RIBO Council.

The Chairperson then thanked retiring member Tracy McLean for her six years of contribution to RIBO Council and Marianna Michael for her three years of contribution to RIBO Council.

### 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.

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

At 1:54 p.m., there being no further business, it was **moved** by Paul Armstrong that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. **Motion Carried.**

# **Registered Insurance Brokers of Ontario**

Financial Statements  
**July 31, 2019**



## *Independent auditor's report*

To the Registrants of Registered Insurance Brokers of Ontario

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Registered Insurance Brokers of Ontario (the Company) as at July 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **What we have audited**

The Company's financial statements comprise:

- the balance sheet as at July 31, 2019;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the 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.

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*PricewaterhouseCoopers LLP*  
*PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2*  
*T: +1 416 863 1133, F: +1 416 365 8215*

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
September 11, 2019



# Registered Insurance Brokers of Ontario

## Balance Sheet

As at July 31, 2019

	2019 \$	2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 2)	4,963,107	4,394,240
Cash and investment in trust (notes 2 and 7)	1,000,792	1,000,792
Prepaid expenses and sundry assets (note 2)	47,945	46,851
	<u>6,011,844</u>	<u>5,441,883</u>
<b>Intangible assets</b> (note 4)	121,942	203,236
<b>Property and equipment</b> (note 3)	481,264	558,233
	<u>603,206</u>	<u>761,469</u>
	<u>6,615,050</u>	<u>6,203,352</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 2)	24,002	25,645
Unearned revenue (note 2)	1,574,675	1,213,003
	<u>1,598,677</u>	<u>1,238,648</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)	4,015,581	3,963,912
	<u>5,016,373</u>	<u>4,964,704</u>
	<u>6,615,050</u>	<u>6,203,352</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, 2019

	2019 \$	2018 \$
<b>External costs of regulation</b>		
Qualification and registration	173,087	146,008
Complaints and disciplinary investigations and hearings	121,557	114,689
Consumer protection expenses	57,710	57,710
	<u>352,354</u>	<u>318,407</u>
<b>External costs of communication</b>		
Bulletins and mailings	9,800	9,140
Election expenses	-	20,871
Annual meeting	20,825	23,080
Communication with other associations	48,527	36,541
Other communication expenses	16,891	17,026
	<u>96,043</u>	<u>106,658</u>
<b>Administration costs</b>		
Salaries and employee benefits	2,914,449	2,850,667
Rent, property taxes and utilities	478,556	452,527
Office and general	407,134	471,904
Professional fees	17,972	19,458
Committees	85,533	78,023
Computer expenses	266,140	197,528
Amortization	204,841	110,945
	<u>4,374,625</u>	<u>4,181,052</u>
	<u>4,823,022</u>	<u>4,606,117</u>
<b>Funding of operating costs</b>		
Registration and examination fees	4,720,936	4,587,884
Investment and other income	153,755	136,708
	<u>4,874,691</u>	<u>4,724,592</u>
<b>Excess of revenues over expenses for the year</b>	51,669	118,475
<b>Operating Fund – Beginning of year</b>	<u>3,963,912</u>	<u>3,845,437</u>
<b>Operating Fund – End of year</b>	<u>4,015,581</u>	<u>3,963,912</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, 2019

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	2019 \$	2018 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Registration fees collected	4,388,458	2,853,515
Examination fees collected	615,388	567,604
Investment and other income received	232,517	197,468
Cash paid to suppliers and employees	<u>(4,825,759)</u>	<u>(4,659,182)</u>
	410,604	(1,040,595)
<b>Investing activities</b>		
Increase (decrease) related to capital assets	<u>158,263</u>	<u>(709,056)</u>
<b>Increase (decrease) in cash during the year</b>	568,867	(1,749,651)
<b>Cash – Beginning of year</b>	<u>4,394,240</u>	<u>6,143,891</u>
<b>Cash – End of year</b>	<u>4,963,107</u>	<u>4,394,240</u>

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

# Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2019

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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, 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, 2019 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, 2020 of \$862,210 (2018 – \$527,580) and fees relating to the last two months of the membership period to September 30, 2019 of \$712,465 (2018 – \$685,423).

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2019

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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 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 revenue 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.

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	58,964	45,661	13,303	32,858

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2019

During the previous fiscal year, the Corporation purchased new office furniture at a cost of \$88,801.

	2019		2018	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture	88,801	22,200	66,601	81,401

The Corporation entered into an office renovation project with Jesslin Group over the course of the previous year. The total project cost was \$487,317 plus a holdback amount of \$46,577, making a total investment of \$533,894.

	2019		2018	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Leasehold improvement	533,894	132,534	401,360	443,974

#### 4 Intangible assets

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

	2019		2018	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer software	243,883	121,941	121,942	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's unrestricted cash is held on demand making liquidity risk low.

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2019

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### 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 by using 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 making future minimum lease payments of \$1,110,962 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:

	\$
2020	256,464
2021	253,714
2022	246,052
2023	250,399
Thereafter	104,333
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	1,110,962

### 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, 2019, the Fund comprised cash in trust of \$1,000,792 (2018 – \$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.

#### Operating Fund

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

