



REGISTERED INSURANCE BROKERS OF ONTARIO

ANNUAL REPORT

2023 | 2024

www.ribo.com

RIBO COUNCIL 2023 - 2024



Standing (Left to Right):

Jo-Anne Raymond,
Jordan Switzer,
Becki Carlson,
Karol Pawlina,
Patrick Ballantyne (RIBO CEO),
Christina Lee-Rotstein,
Frances Kordyback

Seated (Left to Right):

Melissa Bajwa, Brent Stefan,
Rick Orr, Alyssa Keyes,
Thomas Watson, Hugh Fardy

Regrets:

Bryan Davies

“ RIBO is Ontario’s regulator of general insurance brokers. With a dedicated team of brokers and public members, we continue to protect the public interest by ensuring that the profession treats customers fairly through our core values of fairness, integrity, sensitivity and knowledge. ”

REPORT FROM THE CEO

It is my honour to present my Report for 2023/2024.

Council said ‘farewell’ and ‘thank you’ to Rose Cavaliere after she completed two terms, including one year as President. In the 2023 election, Rick Orr and Thomas Watson both returned to Council for a second three-year term. Hugh Fardy was also elected to Council, where he had served previously.

RIBO continues to modernize as an organization, and in doing so, is creating new roles and functions to create efficiencies within its operations. To further our goal to improve communication with members and the public, we brought our communication function in-house, enabling us to better identify what needs to be communicated and how. To date, we have aimed for targeted, timely and relevant online communication through social media. We have also been building a new RIBO.com, which we expect to launch in 2025. Building upon the *RIBO Fact Sheet*, we will identify more opportunities to educate the public about their rights when working with a general insurance broker in Ontario.

This year, we also brought education expertise in-house, enabling us to better coordinate with our two exam providers, IBAO and IIC, and we also recruited for a new psychometrician role. In-house expertise is important, as it enables us to better support our public protection mandate by ensuring licensing exams are relevant, secure, up-to-date and academically sound.

We continued to evolve and enhance our new Spot Check program. Updates included improving the underlying technology, enhancing risk identification methods, and the development of additional audit modules, including one for Managing General Agents (MGAs) who have chosen to become licensed through RIBO. The focus remains on helping to identify better practices for brokerages, with the intention of sharing the learnings and trends with all licensees.

Effective January 2, 2024, and in addition to deciding whether to refer a case to Discipline, the Complaints Committee may also suggest remedial action. This approach allows the Complaints Committee to promote better licensee practices, where appropriate, and that only higher-risk cases will be referred for a hearing before the Discipline Committee. Some examples of remedial action include issuing a caution, providing advice, and/or requiring licensees to take one or more courses. The Complaints Committee may also refer the case back to the Investigations Department for additional assessment. This refined process ensures that a greater proportion of our resources can be dedicated to address matters that pose the highest public risk or harm, as public protection is an important part of our mandate.

Rules of Procedure for RIBO’s Discipline Committee were also formalized and introduced on January 2, 2024. The improved process also includes a mandatory pre-hearing meeting aimed at discussing the regulatory issues and possible witnesses, along with identifying any procedural and timing issues in advance of the hearing. The goal is to promote a transparent and efficient hearings process.

To clarify and consolidate existing disclosure requirements for licensees, RIBO developed and implemented written guidance on mandatory conflict disclosure. The guidance has not changed the *type* of information that needs to be



PATRICK BALLANTYNE
CEO

disclosed. What *is* new, however, is the *timing* for making this disclosure. When conflict disclosure is made at the point of sale, the client is not given sufficient time to consider the information, and to determine how (if at all) the disclosure will impact their decision. Accordingly, by requiring this disclosure to be made at the time of quote, it will educate and empower insurance consumers and promote fully informed decision-making. RIBO Council directed that all licensees take the necessary steps to comply with the guidance by July 1, 2024.

A final initiative to highlight was the launch of IRIS, a bespoke registration and licensee portal built with Microsoft Power Apps. This in-house system enables our IT staff to develop, enhance and support a variety of specific regulatory functionalities including licensing applications, complaints and our evolving Spot Check program.

These are but a few of the many new initiatives we have been working on over the past year.

I am grateful to the RIBO staff and Council, as well as all committee members, for their dedication during another year of change and modernization. We all look forward to the initiatives, improvements and innovations that are planned for 2024/2025.

REPORT FROM THE PRESIDENT

I am pleased to offer my Report as RIBO President.

Albert Einstein said, "The measure of intelligence is the ability to change." RIBO has just completed its second year of our current three-year Strategic Plan that involves change. That plan charted the course for Council's modernization of RIBO and helped to ensure the continued relevance of our regulatory framework.

Council is pleased with our progress and confident that all components will be addressed by the end of the 2024/2025 fiscal year. I also look forward to upcoming consultations, discussions and deliberations that will help shape our next plan.

April 9, 2024, was a significant day for RIBO. Members approved new by-laws to transition us to a 'not-for-profit' corporation under Ontario's *Not-for-Profit Corporations Act, 2010* (ONCA). In the months of work leading up to this, Council also identified other opportunities to update the by-laws to better reflect RIBO's unique nature as a self-regulatory organization.

As an example, the process for running for Council was changed for 2024. Rather than publicly declaring one's candidacy, the process now involves candidates applying to a Governance and Nominations Committee for review, leading to a slate of selected candidates being recommended to the membership at the Annual General Meeting. Recommendations are based on objective criteria built on the skills and backgrounds needed to establish an effective, well-rounded, and representative Council.

I also note that the new By-Law 3 introduced some refinements to our licensing structure. Licenses now have class names Level 1, 2 and 3. As of April 9, 2024, all new RIBO licenses were issued under this new license structure. All brokers who already had licenses were brought under this new structure by the end of this year's renewal period (September 30, 2024). Importantly, the new license levels do not change what products or services brokers can or cannot offer or sell. Further, brokers must still be competent when advising on general insurance products.

Our June Council meetings typically include a significant strategic component. For example, in 2023 we focused on establishing the desirable competencies for prospective Council members. Those competencies are now utilized in the updated election process described above. This year, our June meetings included in-depth conversations with the CEO of the Insurance Council of British Columbia, our sister organization overseeing all insurance intermediaries in BC. Through engagement of this sort, we work to ensure RIBO shares and learns alternative approaches to common regulatory concerns.

To that same end, RIBO staff remained engaged with CISRO, a national body of insurance intermediary regulators. I also note with some pride that our own CEO, Patrick Ballantyne, was appointed Chair of CISRO in March 2024.

While "change may be the only constant in life" I would argue that while we have implemented much change, we will never waver in our commitment to protect Ontario's insurance consumers. Brokers were given the privilege of self-regulation in 1981, and we work hard every day to continue to deserve that privilege. As compared to direct government oversight, self-regulatory organizations allow the profession to play the key role in governance and policy setting. RIBO Council takes that responsibility very seriously and will continue to efficiently execute our mandate with knowledge, sensitivity, integrity and fairness.



RICK ORR
PRESIDENT

REPORT FROM THE PROFESSIONAL CONDUCT COMMITTEE

The role of the Professional Conduct Committee is to provide insights and advice on the development and implementation of licensee guidelines and standards of practice, including market/industry intelligence for developing compliance, investigation and discipline processes.

This past year, key activities of the Committee included:

- Modernizing processes and procedures for the Complaints and Discipline Committees;
- Creating additional Spot Check modules and modernizing the overall process; and
- Developing and implementing updated disclosure guidance.

Below you will find data outlining the nature and volume of complaints received and their resolution. Approximately half of this activity took place under the modernized complaints and discipline processes introduced in January, which aims to add increased procedural fairness, streamline processes and ensure that resources are appropriately allocated to the highest-risk matters.

We are pleased with the launch of these new processes and procedures and have received positive feedback from members of the Complaints and Discipline Committees in their application.

Additional information on the new processes, and RIBO's drive toward risk-based processes are discussed in detail in the Update on the Strategic Plan section of this *Annual Report*.

Sources, Type and Disposition of Complaints and Disciplinary Proceedings

The following data is an overall breakdown of the 2023/2024 Complaints and Discipline activity.

Both the type and source of complaints are consistent with prior years:

- Complaints are primarily filed by consumers (71%) and licensees (17%).
- The most common complaints relate to quality-of-service issues (63%), integrity issues (4%) and advising clients (3%).



MELISSA BAJWA
CHAIR

Sources of Complaints	
Consumers	258
RIBO Licensees	62
RIBO Staff	25
Legal Counsel	1
Other	16
Total	362

Type of Complaints	
Quality of Service	230
Integrity (various)	16
Advising Clients	12
Holding Out in Unregistered Name	11
Confidentiality	8
Improper Handling of Trust Funds	6
Advertising	5
Providing False / Misleading Information	5
Delinquent Filing	3
Disclosure	3
Other	63
Total	362

During the past year, 276 complaints were closed at various stages of the Complaints and Discipline processes and with a wide range of outcomes.

Disposition of Complaints	
Resolved at Intake	263
Closed by Complaints Committee (Not Referred to Discipline Committee)	6
Remedial Action Order by Complaints Committee	
Caution Issued	1
Advice	1
Educational Course Required	2
Resolved by Discipline Committee	
Reprimands	2
Cases Withdrawn	1
Total	276

The three cases resolved by the Discipline Committee were all brought to RIBO’s attention by consumers and all related to service issues.

There were 178 open complaints at various stages, as of July 31, 2024, as shown below.

Stage of Open Complaints	
Under Review by Intake Department	46
Active Investigations	106
Awaiting Review by Complaints Committee	8
Before the Discipline Committee	18
Total	178

Spot Check Program

Our Spot Check program is a proactive, quality-assurance initiative that aims to ensure compliance with RIBO’s rules, regulations and expectations. It offers guidance to licensees, such that minor infractions are addressed before they become more significant. Where appropriate, issues seen as high risk may be referred to the complaints process.

Over the past few years, we have revamped the Spot Check program. Our new risk-based approach to the Spot Check program is now fully engaged. RIBO uses established risk criteria to identify brokerages for Spot Checks. We will continue to identify opportunities for new Spot Check modules to increase our effectiveness as a regulator and fulfill RIBO’s public-protection mandate.

Over the year, 244 Spot Check modules were completed, relating to 61 distinct firms. These modules reviewed licensee compliance with both financial and operational requirements. As of year end, 93 additional firms were under review.

I would like to extend my thanks to the Compliance, Complaints and Investigation management and staff, as well as my fellow Committee members for all their efforts this year.

REPORT FROM THE QUALIFICATION & REGISTRATION COMMITTEE

The Qualification & Registration (Q&R) Committee's broad mandate is to ensure that all registered individual license holders and brokerages meet the minimum standards for education and training.

In my second year of service as Chair of the Q&R Committee, I am pleased to provide an overview of RIBO's qualification and registration related activities for the 2023/2024 fiscal year.

In the past year, RIBO has made substantial progress in aligning its licensing framework with modern competency standards. The implementation of new by-laws including By-Law 3 clarifies licensing requirements for individuals and firms. The work of the committee is further supported by the new Licensing & Standards Committee, a policy committee consisting of brokers and public members which provide advice to RIBO staff and ultimately RIBO Council on policies and procedures related to qualification and registration.

Throughout the past year, RIBO has prioritized engaging with brokers, brokerages, and education providers to gather valuable feedback on our licensing and examination processes. This collaborative approach has allowed us to make informed updates that reflect the needs and expectations of our stakeholders. Feedback from these groups has directly influenced improvements in our examination processes, continuing education accreditation standards, and policies, ensuring that RIBO remains responsive to the evolving needs of the insurance industry.

RIBO has also prioritized transitioning its licensing applications and other licensing services including renewals to its new registration management system, IRIS. In doing so, RIBO modified its service standard from 7 business days to 10 business days for new registrations for individuals. The average processing time for new licenses for individuals was 8.2 days. Once new systems are implemented, RIBO will establish additional licensing service standards.

Through careful planning, the introduction of new policies, and ongoing consultation with industry stakeholders, we are confident that these changes will strengthen the licensing process and enhance consumer protection in Ontario.

Committee Decisions

The *Registered Insurance Brokers Act* requires the Manager of RIBO to refer all applications that they propose to refuse to the Q&R Committee of RIBO. Below is a summary of decisions made by the Q&R Committee as it relates to applications for licensing, renewals and reinstatement that were referred to the Committee for review.

The figures below also provide a summary of other activity relating to the review of licensing qualifications conducted by RIBO staff on behalf of the Committee and/or Council based on approved policies related to secondary business exemptions and examination exemptions.



THOMAS WATSON
CHAIR

	Granted	Refused	Total
Review of Qualification to Hold a Certificate (Individual)	1	2	3
Review of Qualification to Hold a Certificate (Firm)	1	0	1
Secondary Business Exemptions (Q&R Committee Review Required)	4	1	5
Examination Waiver Request	0	1	1
Applications to Hold an Out of Province Trust Account *	1	0	1
Immediate Suspensions Due to Invalid Qualifying Exam **	-	-	2
Technical Exam Exemptions (Automatically Granted) ***	-	-	128
Secondary Business Exemptions (Automatically Granted) ****	-	-	167

*Following November 2023, decisions regarding applications to hold an out of province trust account after November 2023 are no longer reviewed by the Q&R Committee. These are now referred to the Council for review.

**The Q&R Committee approved the immediate suspension of registration for any licensee who had their qualifying exam nullified.

***Council has approved the granting of technical exam exemptions for individuals who complete one or more approved insurance industry designations.

****RIBO's licensing team reviews applications for exemptions from the sole occupation requirement for individual licensees based on established policies previously set by the Q&R Committee and now Council via the Licensing & Standards Committee.

Hearing Summary

All applicants have the right to request a hearing after the Committee has considered and proposed to refuse a registration or exemption, or has proposed to restrict, revoke, or not renew an existing registration. Two hearings related to individual applications were held by the Committee, one decision related to suitability of an applicant to hold a certificate of registration, and one decision related the exam qualifications of the applicant to be registered. One hearing related to a firm's eligibility for registration was also held.

		2023/24	2022/23	2021/22	2020/21	2019/20
Review of Qualification to Hold a Certificate (Individuals)	Granted	1	0	0	0	0
	Refused	1	1	0	0	0
Review of Qualification to Hold a Certificate (Firms)	Granted	1	—	—	—	—
	Refused	0	—	—	—	—
Application for Exemption Secondary Occupation	Granted	0	0	0	1	0
	Refused	0	0	0	0	0
Application for Removal of Restriction	Granted	0	0	0	0	0
	Refused	0	0	0	0	0
Other	Granted	0	0	0	0	0
	Refused	0	0	0	0	0
Total		3	1	0	1	0

Registration Statistics

Below are figures related to the classes of license that are issued by RIBO. The figures represent the total number of active licensees as of July 31 of each year. Consistent with the changes in terminology introduced with RIBO's new By-Laws No. 1, 2 and 3, RIBO will no longer refer to registrants and will instead refer to individual and broker business registrants as individual licensees and firm licensees respectively.

	2023/24	2022/23	2021/22	2020/21	2019/20
Individual Licensees *	20,678	20,362	19,557	18,630	18,999
Active Firm Licensees					
Corporations	855	871	895	928	941
Partnerships	10	10	10	11	11
Sole Proprietorships	2	2	2	3	4
Consultants	10	10	10	9	9
MGA/Wholesalers	77	70	67	60	56
Total Active Business Licensees **	952	962	984	1,011	1,021
Average number of individual licensees per business	21.72	21.16	19.88	18.43	18.61

*In-active licensees (totalling 1,061 individual licenses for 2023-24) are not included in the registration figures.

**Non-active firm licensees are not included in the registration figures.

Pursuant to section 23 of the *Registered Insurance Brokers Act*, final decisions are posted on the Canadian Insurance Regulators Disciplinary Actions (CIRDA) database website, unless ordered otherwise. Any appeals of Qualification & Registration Committee decisions may be made to the Divisional Court of Ontario.

Examinations

This year, RIBO has continued its commitment to advancing the professional standards of insurance brokers in Ontario. A central element of this effort has been the piloting of Level 1 exam questions. Over the past year, we introduced several changes, including an increase in the number of questions from 90 to 100, to ensure a more robust evaluation of candidates' knowledge.

Exam results continue to be reviewed by service providers and third-party psychometrician experts with a view to determine whether there are data anomalies or irregularities that require follow up action such as requiring individuals to reattempt examination(s) in person if the qualifying examination(s) is nullified.

RIBO LEVEL 1 ENTRY-LEVEL BROKER EXAM TRENDS AND CONSIDERATIONS (INCLUDING EQUIVALENCY EXAMS)

Level 1 pass rates for 2023/2024 continue to reflect historical student pass rate trends from pre-pilot exam questions. Of note, the number of exam writers continues to increase.

	Years	Writer Count	Pass Rate
Level 1 Entry-Level Broker Exam	2023-2024	5,685	51%
	2022-2023	5,319	51%
	2021-2022	5,007	58%
	2020-2021	2,799	55%
	2019-2020	2,712	63%

LEVEL 2 AND 3 EXAMS: TRENDS AND CONSIDERATIONS

Below are overall pass rates for both the Level 2 and Level 3 exams, previously referred to as the Unrestricted Technical and Unrestricted Management exams.

	Years	Writer Count	Pass Rate
Level 2 Technical/Commercial	2023-2024	17	41%
	2022-2023	28	38%
	2021-2022	24	33%
	2020-2021	5	60%
	2019-2020	17	18%

	Years	Writer Count	Pass Rate
Level 3 Management (including accelerated management)	2023-2024	99	58%
	2022-2023	92	70%
	2021-2022	98	58%
	2020-2021	48	52%
	2019-2020	42	55%

The number of exam writers opting to take the Level 2 exam has been low. This trend can be attributed to a growing preference among brokers for obtaining insurance designations such as the CIP (Chartered Insurance Professional), which allow them to waive the Level 2 exam requirement. Consistent with this trend toward more brokers seeking insurance designations, RIBO also saw an increase in the number of individuals qualifying for Level 3 Accelerated Management exam in lieu of the full Level 3 Management exam.

CHRIS WARD MEMORIAL AWARD

In memory of RIBO's late president Christopher J. Ward, this award is presented to the individual who receives the highest mark on the first attempt of either the Unrestricted Management or Unrestricted Technical/Commercial exam, now known as the Level 2 Technical and Level 3 Management exams respectively. This year the recipient is Rebekah Schinkel.

DONALD W. LAMBIE AWARD

Donald W. Lambie is committed to self-regulation and has made an outstanding contribution to the broker profession. He is one of RIBO's founding fathers and acted as the first President.

This award is presented to candidates with the highest mark in the initial RIBO qualification examination (Level 1 Entry Level Broker Exam).

This year, we have a three-way tie for the highest mark on the RIBO Level 1 exam. The recipients are Lei Miao, Juan Du, and Amarjot Kang.

Congratulations to the award winners! Their achievements will be recognized at the Annual General Meeting on November 7, 2024.

I would like to conclude my Report with an acknowledgement of the professionalism and dedication of RIBO's team and of my fellow committee members.

REPORT FROM THE AUDIT & FINANCE COMMITTEE

Throughout the year, the Audit and Finance Committee performed its work in accordance with its term of reference and its work plan including:

- Receiving and reviewing quarterly financial update reports from management;
- Reviewing and updating a variety of financial policies, including the organization's investment policy, expense policies, along with aspects of a new financial policy manual;
- Reviewing the organization's insurance coverage; and
- Conducting in-depth review and providing direction on the annual operating budget and fees for the coming year.

Where warranted, the Committee advanced recommendations to Council to accept and approve the various reports, policies and the budget.

On September 18, 2024, following the Committee's review and meeting with the external auditor, RIBO Council approved the audited financial statements for the year ending July 31, 2024. The complete Audited Financial Statements can be found at the end of this *Annual Report*. A summary of the financial year follows.

Financial Highlights

RIBO's surplus of revenue over expenditures was \$821,441 in 2024, compared to \$702,739 in 2023, an increase of \$118,702. Although we had budgeted for a modest deficit this year, a variety of factors contributed to this surplus, most significantly lower than anticipated salary, technology and rent expenses along with higher registration and examination volumes and higher than predicted interest income.

Revenues

2024 revenues consisted of registration fees (81%), examination fees (12%), interest income (5%) and other service and late fees (2%).

Registration revenue and examination fee revenue both increased this year, as planned, with fee increases in both areas. Both categories were further bolstered by higher volumes in each area.

Interest income increased by 74% over 2023 due to both higher interest rates along with a larger balance earning interest.

Other service fees consist of amounts collected for the accreditation of continuing education courses (63%), late fees (22%), preparing Certificate of Authority documentation (11%), and firm amalgamation processing fees (4%). Total Other service fees increased by 12% primarily as a result of the accreditation fee increases instituted this year.

Total revenue for the year amounted to \$6,997,578 compared to \$6,280,797 in the prior year.



FRANCES KORDYBACK
CHAIR

Expenditures

A detailed breakdown of expenditures by category is included in the Statement of Operations and Changes in Operating Fund report included in the financial statements.

As a service organization, RIBO's single largest expense is salary and benefits, representing 59% of total operating costs. As of July 31, 2024, RIBO had 33 active full-time employees. Partial vacancies in a number of positions, including newly created roles, resulted in an unplanned 9% (\$369,822) reduction in anticipated expenses in this area. This is the single greatest contributor to the operational surplus.

Complaints and disciplinary investigation and hearing costs increased almost 3.5 times in 2024 over 2023. This is a function of both increased committee activity in these areas and a greater reliance on outside investigative services, an approach adopted as a short-term mechanism for addressing vacancies in investigator positions during the first half of the year.

Professional fees increased by 80% in 2024, largely due to the costs of developing and implementing the new by-laws.

Some smaller human resource and administrative initiatives including the development of updated policies and procedures, staff training and a research project on the use of artificial intelligence in the insurance industry led to an increase in office and general expenses.

Committee expenses were slightly higher this year, which was a combination of fewer in-person Council meetings, offset by an increase in Council and Committee member remuneration to bring it in line with the Ontario Government Agencies and Appointments Directive.

Other expense line items were in line with 2023.

Financial Position

RIBO's overall financial position remains strong with sufficient reserves to address unexpected costs and/or to invest in future strategic initiatives.

Cash holdings as of July 31, 2024, were \$10,861,081 compared to \$5,406,352 in 2023. This significant increase is a result of the timing of the collection of license renewal fees. In 2023, fees for the 2023/24 license year were collected primarily in the month of August, and therefore the related cash did not appear on the 2023 year-end balance sheet. This year, most license renewal fees were collected in July and thus do appear on the 2024 balance sheet. Renewal fees represent approximately three-quarters of annual revenue, and the funds received are required to fund operations throughout the upcoming fiscal year.

The Operating Fund at year end stands at \$5,252,584 compared to \$4,431,143 in 2023 with the increase equaling the excess of revenue over operating expenses for the year.

I would like to conclude my Report with an acknowledgement of the dedication and professionalism of RIBO's financial team and of my fellow committee members.

PROGRESS ON THE STRATEGIC PLAN

RIBO has completed the first two years of its 2022-2025 Strategic Plan. We remain on track to achieve all our goals. Below is an update on our progress.

Strategic Priority #1: Consumer Protection

Increasing awareness of RIBO's mandate, expectations, and function is essential to enhancing consumer protection. This strategic priority is achieved by educating consumers on their rights, standards they should expect, and what they can do if they feel those standards have not been met. It also means increasing the level of support we offer to our licensees to ensure they maintain the level of competence that RIBO and the public expect of them.

Below are the ways we have enhanced consumer protection.

- **Finalization of our Risk-Based Spot Check Program**

Spot Checks are an integral part of RIBO's public-protection mandate. These proactive reviews of brokerage operations and financial records ensure that licensees remain in compliance and that potential harms to consumers are identified and addressed before real harm occurs. Section 17 (3) of the *Registered Insurance Brokers Act*, Regulation 991 gives RIBO the authority to conduct Spot Checks.

As part of our Strategic Plan, we significantly modified the program to expand the scope of Spot Checks to include all aspects of a brokerage (operational and books, as well as records) and introduced a risk-based approach. This ensures that brokerages comply with the *Registered Insurance Brokers Act*, by-laws, regulations, including the Code of Conduct, and any other applicable legislation, regulations, rules, and guidelines, including the *Insurance Act*, *Fair Treatment of Customers Guidelines* and the *Unfair or Deceptive Acts or Practices (UDAP) Rule*.

We launched Phase I of the new Spot Check program last year. We implemented the final phase of our modernized risk-based Spot Check program in May 2024.

The program has thirteen modules. Some of the established risk criteria we use to identify brokerages for Spot Checks include complaints and discipline history, brokerage size, number of brokerage branches, and business type. Based on these, we determine the appropriate module to use.

- **Website Review and Update**

RIBO's website is one of the primary channels through which we provide information to the public and licensees. To be effective, important information must be available and presented in the optimal way.

In the first year of the Strategic Plan, we completed a comprehensive website review and worked with stakeholder groups to better understand their needs and determine how we could improve. After, we requested design proposals from a web development firm.

This year, we began working with the firm to establish the improved web structure and design, and we are in the process of updating content for enhanced clarity. The new site will launch in 2025.

- **New and Enhanced Broker Resources**

As part of RIBO Council's commitment to refresh existing guidance and develop new guidance in response to the broker industry's needs, our policy team continued to grow over the last year.

We established the broker reference manual, which included an updated *Principal Broker Handbook*, *Code of Conduct Handbook*, forms, *Fact Sheets*, and RIBO guidance.

We published *Principal Broker Handbook* supplementary material on cybersecurity best practices including cyber liability insurance. In its December 2022 report, the Auditor General of Ontario identified concerns

that brokers were not disclosing insurer ownership information to customers seeking auto insurance quotes. RIBO shared these concerns given existing conflict of interest requirements and released new *Mandatory Disclosures Guidance*, which clarified the need for brokers to disclose information related to conflicts of interest no later than at the time of quote. RIBO also made parallel updates to the *Code of Conduct Handbook* and the *About Your Insurance Broker Fact Sheet*.

- **Increased Understanding of the Industry and Marketplace**

To ensure we fulfill and maximize our consumer protection mandate, it is vital that we remain informed about the industry and marketplace. A key benefit of being a self-regulatory body is that our membership is the industry. We rely heavily on our Council along with other formal and informal consultations with our licensees to inform our strategy.

As part of our Strategic Plan, we sought to ensure a solid understanding (and consider adoption of) practices used by other insurance intermediary regulators across Canada through increased participation with the Canadian Insurance Services Regulatory Organizations (CISRO). While we have been members of CISRO since its inception, we have increased our participation by joining more committees, sending more staff to meetings, and, although not specifically part of our Strategic Plan, RIBO CEO Patrick Ballantyne now serves as CISRO Chair.

Understanding the ‘big picture’ of industry changes is important for us to further develop an agile and appropriate regulatory framework that appropriately protects consumers in today’s environment. We embarked on two research projects this past year for this reason.

Firstly, we launched a broker survey about market availability and accessibility for auto insurance in collaboration with the Financial Services Regulatory Authority of Ontario (FSRA) and supported by Queen’s University researchers. FSRA’s Consumer Office funded the research, and it was conducted by voluntary survey. Due to low survey participation not yielding statistically significant data, the project concluded prematurely.

RIBO intends to pursue future research initiatives that focus on assessing fair consumer treatment in the insurance marketplace. Reviewing mandatory surveys delivered during our annual renewal cycle or at other times during the licensing cycle will allow us to gather insight that can be used to inform future policy development.

Secondly, we have a responsibility to ensure that RIBO stays current with developments in broker technology and tools in the insurance industry more broadly. Insurers, insurance brokers, and others in the Property and Casualty (P&C) insurance sector are considering, developing, and adopting Artificial Intelligence (AI) tools. For example, P&C insurance companies are exploring AI with a focus on determining its application to accelerate and improve underwriting accuracy. Among Canadian brokers, however, there is very little information available on the specific uses of AI. For this reason, RIBO commissioned research into the implications of AI for its mandate and for the sector more broadly. The report will be released later in 2024.

Strategic Priority #2: Efficiency and Financial Responsibility

As a responsible organization, we must ensure that RIBO operates efficiently and has the financial resources to fulfill its public protection mandate, while being fiscally responsible to the membership.

In the first year of our Strategic Plan, we implemented a series of internal tools including dashboards, forecasts, and analytical models to improve the planning and monitoring of our financial resources. We continue to utilize and refine these tools. Their accuracy and usefulness have allowed us to adjust our plans based on the results. Additionally, we started reviewing, enhancing and developing new internal financial policies to ensure we continue to strengthen the good governance practices surrounding the organization’s financial resources.

Over the past year, our increased technology use, introduction of new processes, and implementation of training initiatives have elevated our efficiency and allowed RIBO staff to focus on high-value work. See the Modernization section below for details.

Strategic Priority #3: Modernization of our Practices

Broadly, our modernization approach includes investing in and leveraging technology, increasing our use of data in decision-making, and reviewing regulatory best practices, all with the goal of improving our operations and services delivered to licensees, applicants, and the public.

• Technology

The most noteworthy technology initiative this year is the development and deployment of IRIS, our new registry management system.

IRIS replaces our internal database of 20,000+ registrants and serves as a new portal for brokers to conduct business with RIBO, including license renewals, a process which began in July. As of July 31, 2024, approximately 15,000 brokers have logged into IRIS. We plan to release updates as we add new features.

RIBO's new risk-based Spot Check program (previously described) was implemented directly as a digital tool in the first year of the Strategic Plan. This year, we developed more modules to ensure that the Spot Checks align with the risk-based approach and are easy to use and to collect brokerage responses. The digital platform also lays the groundwork to conduct data and trend analyses of Spot Check results in future releases.

We continue to work on the new Continuing Education Management System (CEMS), which is designed to allow brokers to track and report on their continuing education requirements. In anticipation of the next renewal season, we plan to launch this in June 2025.

• Complaints and Discipline Process Design

Effective January 2, 2024, RIBO implemented new processes for the Complaints and Discipline Committees.

Now, the Complaints Committee can take remedial action in cases it deems appropriate. This may include issuing a caution to the licensee, giving them advice on how the situation should have been addressed or requiring a licensee to take an ethics course. This is yet another example of implementing a risk-based approach to professional regulation. Taking remedial action where warranted has streamlined the complaints process, diverting minor infractions from the Discipline Committee. High and/or higher risk matters will likely be referred to Discipline in most cases.

RIBO also continued its modernization and streamlining of activities in the discipline process. *Rules of Procedure* were implemented on January 2, 2024.

This year, we introduced new tools for RIBO staff. These will integrate with IRIS and have significant productivity benefits.

• Governance Modernization

On April 9, 2024, following approximately a year of development, RIBO licensees voted to confirm three new by-laws, replacing all previous by-laws. The new by-laws were developed as an initiative with three objectives:

1. To modernize our governance approach,
2. To clarify and update existing requirements, and
3. To conform with Ontario's *Not-for-Profit Corporations Act, 2010*.

Throughout the development process, we explored approaches taken by other regulatory organizations and modern governance best practices and heeded the guidance of legal counsel to navigate legal requirements.

The two most significant changes relate to our licensing framework and the process of running for Council.

The license framework is now organized into three levels (Level 1, 2, and 3) without altering the products or services that brokers are allowed to offer. This simplifies and clarifies the framework and is part of our broader strategy to ensure that RIBO's licensing process remains aligned with modern governance principles and industry best practices.

In alignment with modern best practices, RIBO has adopted a Composition Matrix (our take on the Skill Matrix) that allows Council to:

- Determine the skills and experiences most needed collectively on Council,
- Assess themselves against that skill profile, and
- Determine what skills and experiences they would most benefit from adding in the coming election.

This new skills-centred, evaluation-and-recommendation-based process allows the membership to elect Council members based on what would best serve the organization. We look forward to the outcome of this new process at the Annual General Meeting.

Strategic Priority #4: Professional Standards

In the first year of the Strategic Plan, we focused on reviewing entry level broker competencies, the development of the new *RIBO Entry Level Broker Competency Profile*, and the Level 1 exam blueprint. Work has continued with piloting of new exam questions with examinees. This is a key step toward full implementation of a refreshed exam, which will be effective on January 1, 2025.

These changes align with our overall effort to streamline the licensing process and focus on the most critical competencies required for brokers in today's marketplace. The updated exam blueprint emphasizes competencies such as risk identification, professional ethics, and insurance product knowledge, which are critical to providing excellent service to clients and maintaining public trust.

RIBO continues to chair the General Insurance Licensing Qualification Review (GILQR) as a member of CISRO. The last year focused on completing a detailed jurisdictional review complemented by interviews with regulators to support a better understanding of the commonalities and differences in qualification standards across Canada. This is a multi-year initiative that is expected to extend beyond 2025 and the current Strategic Plan.

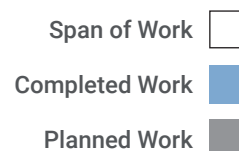
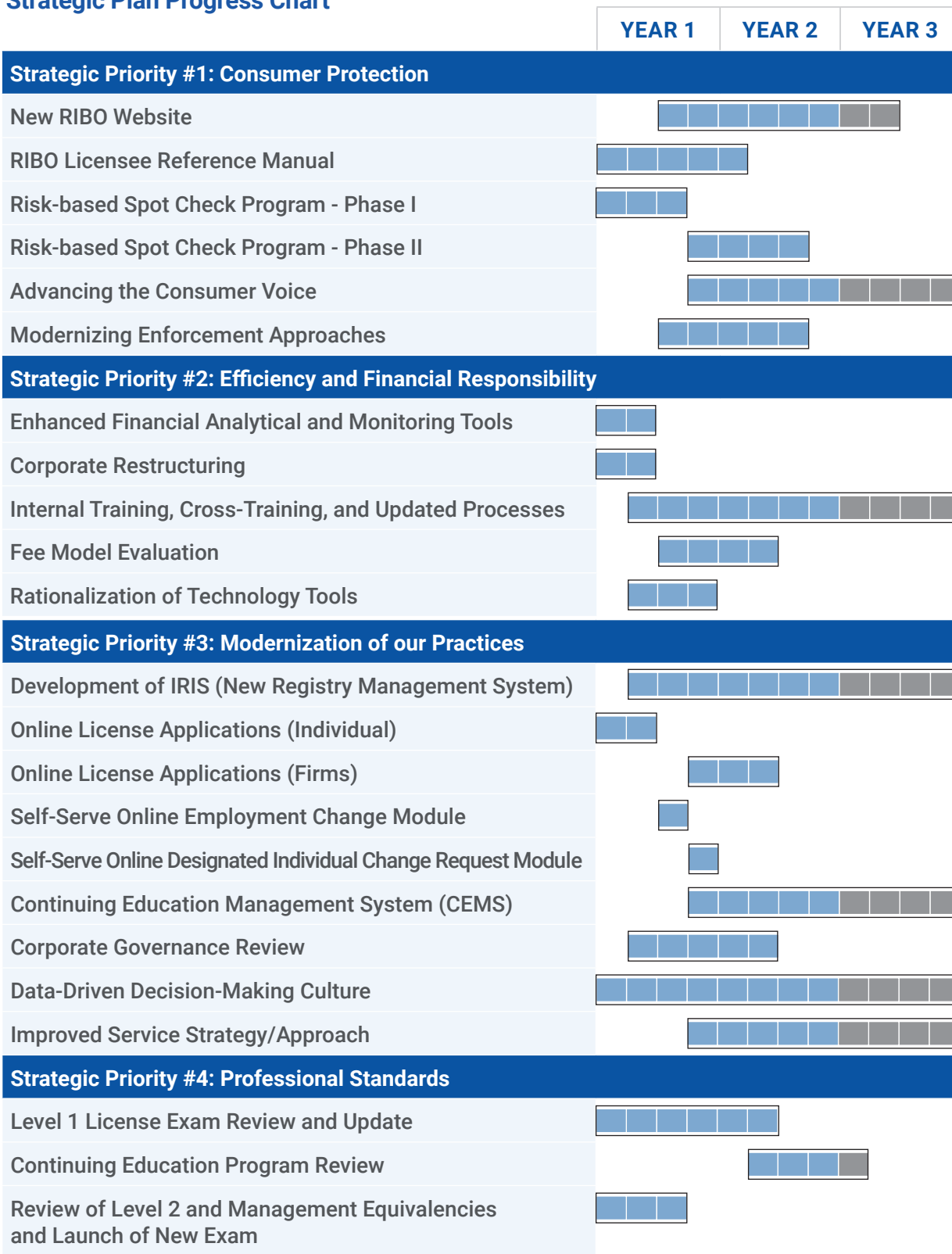
As part of RIBO's second year of its Strategic Plan, we indicated we would begin reviewing Level 2 Technical and Level 3 Management exams. Given the ongoing increase in individuals qualifying for an exemption from the Level 2 exam, we did not see justification for incurring expenditures to review the existing Level 2 exam as initially intended. The need for a specialized exam that tests licensees on commercial competencies will instead be explored as part of a future review of RIBO's overall licensing regime.

The Level 3 exam remains critical for those aspiring to fill principal broker and management roles. One section of this exam was updated this year to reflect RIBO by-law changes. We will review and support this exam while exploring better ways to align it with evolving industry needs and our Level 1 competency profile and blueprint.

RIBO will continue to report on its Strategic Plan and progress as part of its *Annual Report*.

Below is a snapshot of progress of key initiatives after the Strategic Plan's second year.

Strategic Plan Progress Chart



MEETING MINUTES

Minutes of the Forty-Second Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 9, 2023, at 4:30 p.m., in-person and simulcast via live audio webcast at The Royal Canadian Military Institute (RCMI).

- **Opening of Meeting**

The outgoing President, Rose Cavaliere, introduced members of the Board for 2023 that were in attendance either in-person or virtual. They were Melissa Bajwa, Becki Carlson, Alyssa Keyes, Frances Kordyback, Rick Orr, Karol Pawlina, Jo-Anne Raymond, Christina Lee-Rotstein, Brent Stefan, Jordan Switzer and Thomas Watson.

The Chairperson then introduced Patrick Ballantyne (Chief Executive Officer), Jessica Harper (Policy, Licensing and Standards Director), Sharon Seenath (Complaints, Conduct and Investigations Director), Mark Abraham (Finance and Corporate Services Director), and Sam Natur (Technology Enterprises Director).

- **Appointment of Scrutineers: Report as to Quorum**

The Chairperson called for the appointment of Meagan Mienstra and Vera Raposo to act as scrutineers of the meeting. As there were no objections, the individuals were so appointed.

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

- **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.

- **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, 2022, 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 Becki Carlson and **seconded** by Jordan Switzer that the Minutes of the November 10, 2022 Annual Meeting be approved as presented. **Motion Carried.**

Rose Cavaliere thanked all of those who joined us today for our hybrid Annual and General Meeting and expressed her pleasure in serving as RIBO's President during this transformative and innovated year.

Her report included the following comments:

RIBO retains an overarching operational goal of modernization and of always seeking ways to improve. This year, these goals were reflected in a variety of significant initiatives. One that will be most visible to member brokerages is a rebuild of our Spot Check program. Commenced with RIBO's 'take all comers' compliance audits, the new digital and 'risk based' program includes numerous modules that track different aspects of a brokerage's business. These modules allow us to tailor Spot Checks to the particular risks within a brokerage, and to take a deeper dive into the most relevant brokerage operations all in support of better licensee compliance and consumer protection.

Similarly, complaints intake is important to both members of the public and licensees. That intake function is also the gatekeeper for the compliance, conduct & investigations department. An effective and efficient triaging process gives RIBO the opportunity to focus resources on higher risk cases. In January 2023, RIBO implemented a new risk-based approach for triaging its complaints. RIBO also commenced a complete review of the processes of our complaints and discipline committees. This refresh includes a reconsideration of how investigations are presented to the complaints committee, how that carries out its responsibilities, and a documentation of the rules of practice for the discipline committee. These are key functions of any regulator, and this review has enabled us to ensure we have a modern and mature approach.

RIBO has been processing a record number of applications for licensing, including individuals, firms and Managing General Agents (MGAs) operating in the P&C sector. A key prerequisite to the application process is satisfying the licensing exam requirements. Online exams, while improving accessibility, have led to increases in the number of exam irregularities involving candidates. In response, RIBO has recently begun to utilize data forensics to address exam irregularities, and to apply a similar methodology of identifying exam irregularities between our two exam providers.

RIBO is also setting common standards that our exam providers must meet to administer RIBO examinations. Further, RIBO has now developed an academic integrity policy that will standardize responses for exam providers when they detect instances of exam misconduct.

With respect to the exam itself, RIBO undertook a review of its entry-level examination to ensure that the exam remains relevant to evolving industry needs as well as to enhance our efforts to prevent breaches. As part of this project, RIBO will continuously update the exam on a yearly basis. This will help maintain the fairness and integrity of the exam. RIBO has also decided to maintain a fully multiple-choice format for the exam and will be increasing the number of questions from 90 back to 100.

RIBO is replacing its current Registry Management System (RMS) with a new, custom-built Microsoft-based solution. The new RMS will be the backbone of RIBO's ongoing digital aspirations, and as a Microsoft-based system, it will afford considerably more internal control than we had with the legacy system. The transition to the new RMS is occurring during the fall of 2023.

It goes without saying that RIBO is committed to the protection of the public. One way RIBO achieves this objective is through mandating certain disclosures. The broker must make available to their customer all relevant information that would allow that customer to make an informed purchase decision. In November of 2022, the Auditor General of Ontario issued a report on insurance regulation in the province. While primarily focusing on a review of the Financial Services Regulatory Authority of Ontario (FSRA), the report included some observations relating to RIBO's oversight of brokers, specifically relating to disclosure requirements. And the Auditor General's findings were consistent with RIBO's own findings, and they reinforced our intention to clarify broker conflict of interest disclosure requirements. Our Spot Checks, as had the Auditor General's, identified opportunities to improve the disclosure delivered to customers. So, to that end RIBO will soon be releasing additional guidance on this important consumer issue.

The role of Managing General Agents in the Ontario insurance marketplace continues to grow and evolve. For over two decades, RIBO has licensed MGAs in Ontario on a voluntary basis, overseeing those licensees under largely the same regime as that applicable to brokers. With over 70 MGAs now licensed

with RIBO, and many more expected, Council believes it is appropriate to seek a more formalized solution to MGA oversight. RIBO looks forward to continuing discussions with the government and other stakeholders.

Consistent with RIBO's modernization efforts, Council engaged in a governance review, specifically focusing on the composition of our Council and Committees. One opportunity that was identified was to find ways to be more intentional about matching the skills and experiences that Council members bring to the table with what Council requires to best fulfill its role. In that spirit, Council developed and approved a composition skills matrix for those interested in serving on Council. This matrix was utilized in the 2023 election.

RIBO believes this ongoing governance review is an appropriate and timely, with a view to helping ensure Council reflects the skills and experience necessary to support both our regulatory mandate and principles of modern governance. These changes were also considered in the context of a necessary transition of RIBO to a 'not-for-profit corporation' registered under Ontario's *Not-for-Profit Corporations Act, 2010*, required by October 2024. Council has approved two of the three by-laws needed to establish the new ONCA compliant governance model. The third by-law, relating to categories of licenses within RIBO, is being finalized and will be considered at an upcoming Council meeting. All RIBO individual members will then have an opportunity to consider, approve and adopt these by-laws at a future Special Meeting of the Members, expected early in 2024.

RIBO has attained a level of maturity and confidence that enables thoughtful, creative, proactive, and occasionally difficult decision making. We were open to identifying and acting on opportunities to better fulfil our crucial public protection mandate. RIBO is here to protect the public by licensing brokers, and by establishing and enforcing practice standards. We are not, and never have been, an advocacy group for brokers. Serving on Council means that you provide input on how best to protect the citizens of Ontario in all transactions with every general insurance broker anywhere in the province. Broker self-interest must play no role at all at RIBO, whether in the day-to-day operations conducted by our excellent staff, or in the higher-level policy deliberations of Council, or in the challenging work of our administrative panels such as the Discipline Committee. Being a self-regulatory organization is a privilege that we can never take for granted. Since 1981, RIBO has worked hard to maintain the trust shown to us by the government of Ontario to govern our affairs in the public interest.

- **Announcement of Chris Ward Memorial Award**

The Chairperson advised that this year we have a three-way tie, and the recipients of the Chris Ward Memorial Award are Priya Gosal of Insurance & Financial Services Inc., Katelyn Richardson of Norwich Insurance Brokers O/B 1129337 Ontario Inc., and Kevin Wisdom of Canadian Insurance Alliance for their achievement in receiving the highest mark on their first attempt of the Level II Examination.

- **Presentation of the Donald W. Lambie Education Award**

The Chairperson advised that this year's recipient of the Donald W. Lambie Education Award is Gurpreet Kaur of AON Reed Stenhouse 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, 2023. The Chairperson requested that a copy of the Annual Report be filed with the Minutes of this meeting.

It was **moved** by Jo-Anne Raymond and **seconded** by Melissa Bajwa that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2023, including the standing Committee Reports and the Auditors' Report on the Financial Statements. **Motion Carried.**

- **Appointment of Auditors**

The Chairperson then requested that Kyle Snyder 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** Thomas Watson and **seconded** by Alyssa Keyes 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.

The two candidates re-elected to Council this year are Rick Orr and Thomas Watson and the new candidate elected to Council this year is Hugh Fardy.

The Chairperson congratulated Rick Orr and Thomas Watson on their re-appointments to RIBO Council and congratulated and welcomed Hugh Fardy to RIBO Council.

The Chairperson noted that after serving two three-year terms, this is the end of her term as RIBO President and her time on RIBO Council.

- **Question Period**

The Chairperson asked at this time if there were any questions from the members.

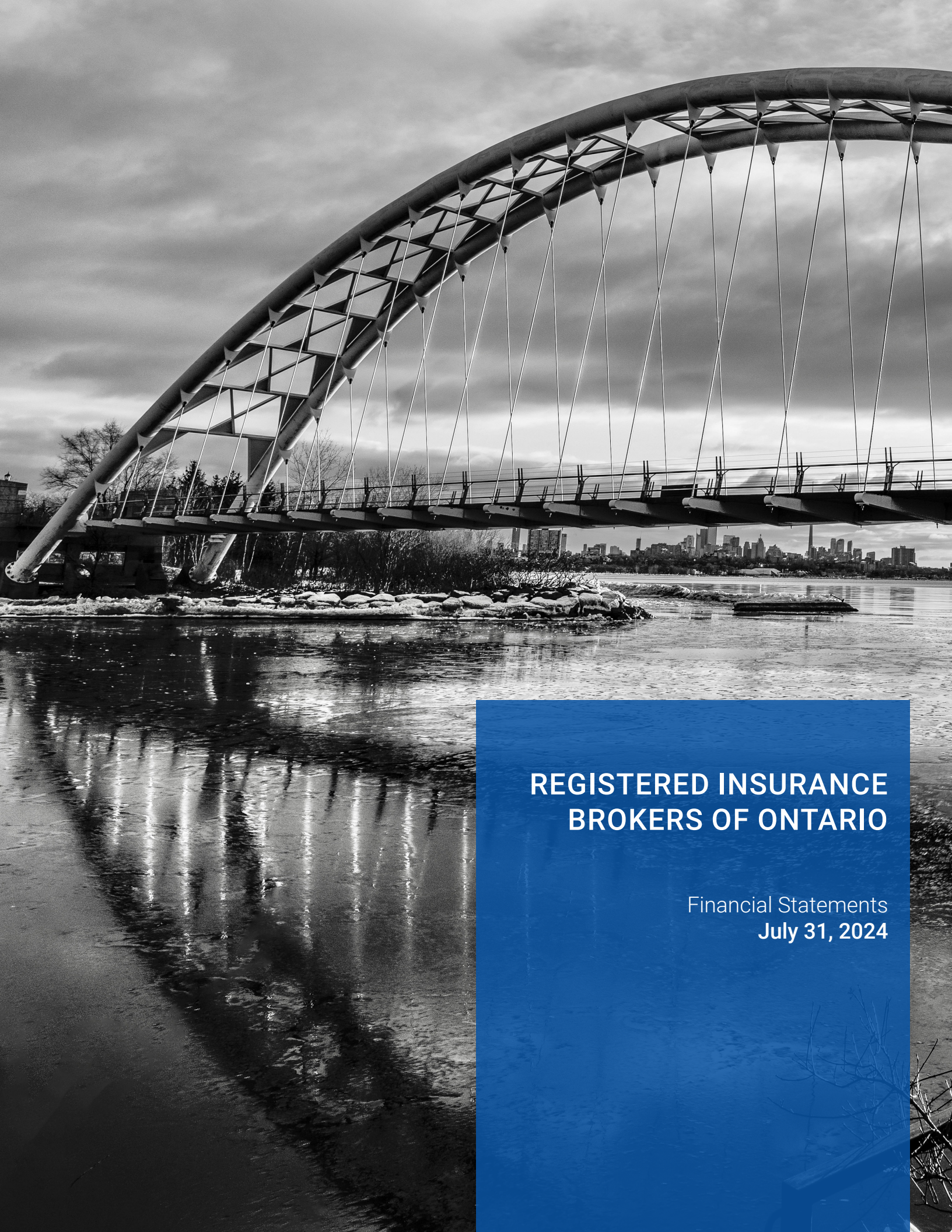
There were no questions.

- **Termination of Meeting**

On behalf of Council, the Chairperson expressed her appreciation to all registrants joining the hybrid meeting this year.

The Chairperson then requested a motion from the floor to adjourn the meeting.

At 4:57 p.m., there being no further business, it was **moved** by Brent Stefan that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. **Motion Carried.**



**REGISTERED INSURANCE
BROKERS OF ONTARIO**

Financial Statements
July 31, 2024



Independent auditor's report

To the Registrants of Registered Insurance Brokers of Ontario

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 Corporation) as at July 31, 2024 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 Corporation's financial statements comprise:

- the balance sheet as at July 31, 2024;
- the statement of operations and changes in operating fund for the year then ended;
- the statement of changes in the RIBO Professional Indemnification Fund for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Corporation 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.

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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2
T.: +1 416 863 1133, F.: +1 416 365 8215, Fax to mail: ca_toronto_18_york_fax@pwc.com

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



In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

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 Corporation'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 Corporation'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 Corporation 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 18, 2024

Registered Insurance Brokers of Ontario

Balance Sheet

As at July 31, 2024

	2024 \$	2023 \$
Assets		
Current assets		
Cash (note 2)	10,861,081	5,406,352
Cash in trust (RIBO Professional Indemnification Fund) (notes 2 and 6)	1,000,792	1,000,792
Accounts receivable (note 2)	72,000	30,625
Prepaid expenses and sundry assets (note 2)	119,281	20,072
Total current assets	12,053,154	6,457,841
Property and equipment (note 3)	-	51,996
Total assets	12,053,154	6,509,837
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 2)	227,712	89,914
Deferred rent (note 2)	10,330	-
Unearned revenue (note 2)	5,284,426	987,988
Total current liabilities	5,522,468	1,077,902
Deferred rent (note 2)	277,310	-
Total liabilities	5,799,778	1,077,902
Fund Balances		
RIBO Professional Indemnification Fund (note 6)	1,000,792	1,000,792
Operating Fund (note 6)	5,252,584	4,431,143
Total fund balances	6,253,376	5,431,935
Total liabilities and fund balances	12,053,154	6,509,837
Commitments (note 5)		

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 and Changes in Operating Fund
For the year ended July 31, 2024

	2024 \$	2023 \$
External costs of regulation		
Qualification and registration	141,453	118,023
Complaints and disciplinary investigations and hearings	306,906	68,608
Consumer protection expenses	44,820	44,820
Total external costs of regulation	<u>493,179</u>	<u>231,451</u>
External costs of communication		
Annual meeting	3,609	14,067
Communication with other associations	63,251	39,332
Other communication expenses	148,664	188,432
Total external costs of communication	<u>215,524</u>	<u>241,831</u>
Administration costs		
Salaries and employee benefits	3,671,507	3,426,637
Rent, property taxes and utilities	475,858	493,677
Office and general	617,540	509,396
Professional fees	209,065	116,218
Committees	188,879	158,811
Computer expenses	252,589	296,046
Amortization	51,996	103,991
Total administration costs	<u>5,467,434</u>	<u>5,104,776</u>
Total operating costs	<u>6,176,137</u>	<u>5,578,058</u>
Funding of operating costs		
Registration and examination fees	6,627,385	6,041,558
Investment and other income	370,193	239,239
Total funding of operating costs (revenue)	<u>6,997,578</u>	<u>6,280,797</u>
Excess of revenue over total operating costs for the year	821,441	702,739
Operating Fund – Beginning of year	<u>4,431,143</u>	<u>3,728,404</u>
Operating Fund – End of year	<u>5,252,584</u>	<u>4,431,143</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, 2024

	2024 \$	2023 \$
Transfer from Operating Fund to RIBO Professional Indemnification Fund	-	-
Fund balance – Beginning of year	1,000,792	1,000,792
Fund balance – End of year	<u>1,000,792</u>	<u>1,000,792</u>

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

Registered Insurance Brokers of Ontario

Statement of Cash Flows

For the year ended July 31, 2024

	2024 \$	2023 \$
Cash provided by (used in)		
Operating activities		
Registration fees collected	9,984,690	4,260,100
Examination fees collected	841,657	647,470
Investment and other income received	467,668	318,609
Cash paid to suppliers and employees	<u>(5,839,286)</u>	<u>(5,392,614)</u>
	<u>5,454,729</u>	<u>(166,435)</u>
Increase (decrease) in cash during the year	5,454,729	(166,435)
Cash – Beginning of year	<u>5,406,352</u>	<u>5,572,787</u>
Cash – End of year	<u>10,861,081</u>	<u>5,406,352</u>

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

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2024

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.

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

Basis of preparation

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

Registration 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, 2024 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, 2025 of \$4,217,840 (2023 – \$19,360) and fees relating to the last two months of the membership period to September 30, 2024 of \$1,064,586 (2023 – \$968,628). An additional \$2,000 (2023 – \$nil) in unearned revenue relates to pre-paid self-accreditation fees for continuing education.

The significant difference in unearned revenue this year relates to a timing change in which the bulk of fees were collected. In 2024 significant fees were collected in July, requiring deferral, whereas in 2023 fees were collected in August, not requiring deferral.

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2024

Examination fees

Fees are recorded on an accrual basis. RIBO outsources examination delivery to third parties who collect the examination fees from examination writers and remit a portion to RIBO on a monthly basis. Revenue is recognized based on when the examinations were written. As there is some administrative processing time before RIBO receives the examination reports, an accounting estimate is made for any unreported revenue at the time the financial statements are prepared. This estimate is based on the average volume of exams written in the preceding months of the fiscal year.

Investment income

Investment income, which is comprised of interest income on bank accounts, is recognized as revenue when earned.

Other income

RIBO receives other income on a fee for service basis. This includes late fees, fees for preparing documentation and accrediting third party continuing education courses. The services are delivered at or about the time of payment, at which point revenue is recognized.

Property and equipment

Property and equipment 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. 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.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make payments for a period of greater than 120 days past due.

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

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

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2024

Deferred rent

RIBO signed a lease for office space effective January 1, 2024 for an 11-year term. During the first year (12 months) of the lease, RIBO is not required to pay rent. On a monthly basis during the free rent period, the average rent payable over the 11-year term is recorded as a deferred rent liability. In each month following the free rent period, the difference between actual rent paid and average rent lowers this liability.

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 amounts 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.

No significant estimates are included in these financial statements.

3 Property and equipment

During fiscal year 2017-2018, the Corporation purchased new office furniture at a cost of \$88,801.

			2024	2023
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture	88,801	88,801	-	7,401

The Corporation entered into an office renovation project with Jesslin Group over the course of fiscal year 2017-2018. The total project cost was \$487,317 plus a holdback amount of \$46,577, making a total investment of \$533,894.

			2024	2023
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Leasehold improvement	533,894	533,894	-	44,595

4 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.

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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. As at July 31, 2024, the Corporation's accounts payable and accrued liabilities of \$227,712 were due within one year.

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. As at July 31, 2024, the Corporation's exposure to credit risk arising from its accounts receivable was \$72,000 (2023 – \$30,625).

5 Commitments

The Corporation is committed to making future minimum lease payments of \$3,662,905 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:

	\$
2025	215,538
2026	349,221
2027	348,898
2028	353,360
2029	359,606
Thereafter	<u>2,036,282</u>
	<u>3,662,905</u>

6 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, 2024, the Fund comprised cash in trust of \$1,000,792 (2023 – \$1,000,792).

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

Operating Fund

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



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