"RIBO CONTINUES TO FOLLOW THE BASIC GUIDING PRINCIPLES ADOPTED BY OUR FOUNDING FATHERS — SERVE THE INTERESTS OF THE PUBLIC, WHILE REGULATING THE PROFESSION."

2005 • 2006 RIBO COUNCIL

Standing (left to right):
Paul Armstrong, John Baizana, Al Chamney, Art Langley, Al Hawco, Jeff Bear (CEO), Sharad Mistry, Rod Finlayson.

Seated (left to right):
Joanne Brown, Caroline MacDonald, Gloria Shan, Hania Amad, Bonnie Warder and Toots Everley.

REPORT FROM THE PRESIDENT

Toots Everley
President

CELEBRATING 25 YEARS 1981-2006

I consider it an honour to serve as President during RIBO's 25th year as a self-regulatory body.

As most of you know, the creation of RIBO in the fall of 1981 marked the culmination of years of planning and work to enhance the professional recognition of property and casualty insurance brokers in Ontario.

Although our industry has seen many changes in the past quarter century, RIBO continues to follow the basic guiding principles adopted by our founding fathers — serve the interests of the public, while regulating the profession.

Ensuring the protection of the public is still crucial to the continuing success of the broker profession. We strive for the highest standards in order to protect the consumer. It is only by adhering to the highest standards that we can continue to maintain widespread public confidence.

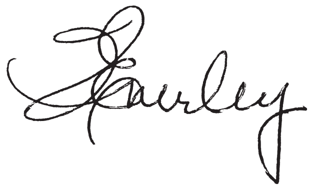
RIBO's goals also remain the same. We strive to be cost effective, efficient, and consistent with the law in carrying out our regulatory responsibilities. We continually review our regulatory practices on an annual basis during our winter strategic planning session in order to identify undue regulatory burdens or costs and propose remedies.

RIBO has been recognized on a number occasions as a model for excellence in self-regulation. We must continue to direct our members and provide them with strong leadership as changes in our profession take place. With the dedicated team of brokers elected by our membership, together with our strong public representation, RIBO can play a crucial role in the future regulation of insurance distribution. No one knows what the future holds, but we remain optimistic about RIBO's future and the possibility of other insurance intermediaries becoming self-regulating.

Before closing, I would like to remind you that RIBO relies on input and feedback from our members. Our doors are open to new ideas and we welcome any chance to come and speak to you. We need to work together to face the challenges ahead. Please do not hesitate to write, call, e-mail or fax any Council or Staff member with your concerns or opinions.

The conclusion of my term as President is also the end of my term on the RIBO board. It has been a very rewarding experience serving six years on the Board and a privilege for me to serve as President this year. I thank my fellow Council for their support. I am sad to be leaving RIBO, but am certain that future Councils will help lead our industry confidently through the challenges that lie ahead.

Respectfully Submitted,



REPORT OF CHIEF EXECUTIVE OFFICER

Jeff Bear
Chief Executive Officer

A quarter century after it's inception, the Registered Insurance Brokers of Ontario serves as a model for excellence in self-regulation across Canada.

I would like to take this opportunity to update you on what's been happening around RIBO this year. Before doing so though, I would like to give a special thank you to this year's President Toots Everley and RIBO Council members for contributing their time, knowledge and guidance.

Autumn is always a busy time for RIBO Council and staff and the fall of 2005 was certainly no exception. As you all know, we hold our annual election the first Monday in November. This year our membership elected John Baizana and Al Chamney while Caroline MacDonald was re-elected to the Board. These three individuals bring extensive industry experience and diversity that has already proven to be an enormous asset to us all.

Our Annual General Meeting follows the election. The meeting allows Council and staff the opportunity to meet face-to-face with brokers and industry stakeholders to give an update on RIBO's operations and address any questions or concerns. The 2004/2005 meeting, held November 10, 2005, was a great success. I encourage our membership to attend the upcoming meeting Thursday, November 9, 2006 in the Arcadian Court where we will present the details of the 2005/2006 fiscal year.

In January 2006, RIBO received some very sad news when we learned of the death of RIBO Past President Art Despard at the age of 72. Art served on RIBO Council from 1994 to 2000 and was a Chairperson of the Discipline Committee at the time of his death. With over 50 years of insurance industry experience, Art was well known and respected throughout the industry. We extend our deepest sympathies to his family and friends. We all miss him very much.

In April, Council and senior staff met for our annual strategic planning session. We reviewed current regulations and discussed the state of the industry. Our objective during these discussions has always been to protect the consumer while maintaining a regulatory environment that is not so restricted as to unduly interfere with the establishment of a level playing field for insurance intermediaries. RIBO must be flexible enough to respond quickly if necessary to changes in our environment, while maintaining our mandate of consumer protection. As always, we welcome your comments regarding any regulatory concerns you may have.

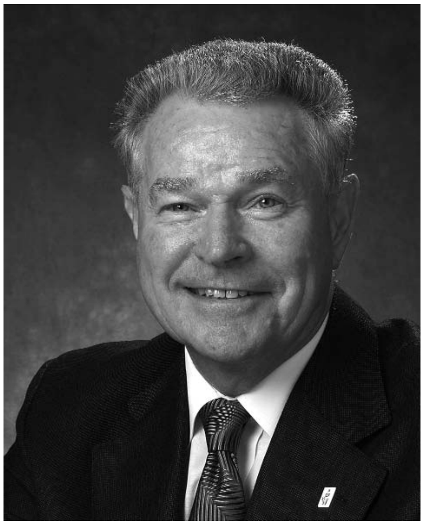
On the subject of continuing education, we continue to see an increase in the number of courses offered across the province and the number of providers who have interesting courses to offer. It is important that brokers continue to provide RIBO with comments and critical feed back in our effort to maintain quality control.

On the communications front, RIBO staff work continuously to address current issues and makes sure that our membership is informed of changes within our industry. Our quarterly newsletter, the Bulletin, is used as a tool for communicating changes.

Staff continues to make every effort to provide helpful service to our members and the public and to be fair and reasonable in the performance of their duties. They are ever mindful of the powers given to RIBO under the Act and the need to be even handed in their application. I am confident they will continue to deal with our members and the public in this manner.

I would also like to thank you, our members, for allowing me the opportunity of serving as your Chief Executive Officer.

Sincerely,



REPORT OF THE PROFESSIONAL DEVELOPMENT COMMITTEE

Paul C. Armstrong
Chairperson

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

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

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

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

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

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

STATISTICAL SUMMARIES

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

- RIBO received over **1900** inquiry telephone calls last year. This compares with **3500** inquiry calls for the preceding year. The Consumer Complaints Officer attempts to resolve as many of the complaint calls within RIBO's jurisdiction as possible. Of the **1900** consumer inquiry calls, approximately **1090** "telephone complaints" were resolved in this manner.

- **154** 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 **92** active files, meaning investigations or complaints proceedings were already in progress from the previous year.

- **170** files were resolved and closed this year, leaving **76** in progress which will be carried over.

- The Complaints Committee consists of a three-member panel, comprised of two brokers and a public member. The Complaints Committees met on **13** 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, **13** of the files were closed in the broker's favour, with **34** cases raising issues regarding misconduct, and were referred to the Discipline Committee for further review.

- Of the **34** cases that raised issues regarding misconduct, **23** were referred directly to the Discipline Committee for hearings and **11** were offered a resolution on a consent basis. None of the cases were deferred to a later date.

- The Discipline Committee consists of a five-member panel, comprised of four brokers and one public member. These panels held hearings on 8 days during the year, on which **11** cases were presented for approval on a consent basis, and **23** hearings were held.

- Multiple penalties were assigned in many of the cases, which is the reason that the dispositions in *Chart 2* add up to more than the total of the cases presented. On consent, RIBO received reimbursement of investigation expenses in the amount of **$1500**.

- The random spot check program this year resulted in **249** spot checks of which only 5 resulted in any kind of formal proceeding. In addition, there were **36** spot checks in progress or with follow-up at fiscal year end. This year the goal is to conduct **240** brokerage visits.

We receive many compliments concerning the professionalism and friendly nature of the Complaints and Investigations Department staff. All RIBO staff members are more than willing to assist you with any questions or concerns you might have.

I would like to take this time to thank Tim Goff, Manager of Complaints and Investigations, for his direction and advice and the entire department staff for their hard work and determination. It has once again been a pleasure to serve as Chairperson of the Professional Development Committee.

PROFESSIONAL DEVELOPMENT CHARTS

SOURCE AND TYPE OF COMPLAINT FILES

SOURCE

	05/06	04/05
Non – Compliance	56	54
Public	66	79
Member Brokers	30	36
Insurers	1	0
Lawyers	0	2
Government & Other Sources	1	0
Total	**154**	**171**

TYPE

	05/06	04/05
Code of Conduct	93	112
Other Misconduct	5	5
Delinquent Filing	5	14
Trust Funds	38	33
Equity Requirements	1	0
Financial Records	10	6
Non-Compliance (other regs.)	0	1
Criminal Allegations	2	0
Total	**154**	**171**

DISPOSITION OF DISCIPLINARY PROCEEDINGS

	05/06	04/05	03/04
Certificate of Registration Revoked	9	11	6
Certificate of Registration Suspended	8	7	5
Certificate of Registration Restricted	5	6	6
Attendance at Education Course Ordered	0	1	0
Additional Financial Reports Ordered	7	15	12
Investigation Cost Recovery	1	2	4
Fines, Payable to Ministry of Finance	1	2	2
Registrant Reprimanded	0	4	3
Dismissed in Broker’s Favour	0	0	0

REPORT OF THE QUALIFICATION & REGISTRATION DEPARTMENT

Bonnie Warder
Chairperson

As always it has been an extremely busy year for the Qualification and Registration Committee. The following report will illustrate that both the Committee and the Department have been working hard to determine eligibility of applicants, and to establish and set education requirements for brokers.

During our monthly meetings we consider all items, with regard to the responsibility with which you have charged us. The Qualification and Registration Committee makes all decisions ensuring the protection of the public and the maintenance of the professional competence of brokers in Ontario.

The followings statistical summary details the work of the committee and department over the last fiscal year (August 1, 2005 – July 31, 2006):

NEW BROKERS – ACTING UNDER SUPERVISION

	05/06	04/05
Exams Written	2029	2,368
Passing Ratio	62%	58%
Passing rate for those who attended a course	67%	66%
Passing rate for those who did not attend a course	55%	49%

LEVEL II — REMOVAL OF RESTRICTION

	05/06	04/05
Technical Exams Written	39	75
Passing Ratio	33%	23%
Management Exams Written	127	87
Passing Ratio	61%	63%

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

COMMITTEE DECISIONS

	Granted	Refused
Application for Secondary Business Exemption	206	2
Application for Removal of Restrictions	0	0
Other	4	5

The Committee reviewed a total of 219 requests. The majority (210) were requests for secondary business exemptions of which 2 were subsequently withdrawn by the Applicants. These requests require exemption from Regulation 991, Section 5 (i) (b). Over the course of the year the Committee granted 206 secondary business exemptions. 25 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, or undue influence.

The other category included requests to hold Trust Funds outside Ontario and review of suitability to hold certificates of registration.

Of the 7 refusals, 3 made requests for hearings, 1 subsequently satisfied the Committee's requirements, 1 final decision was made and 2 are currently pending. The Committee also confirmed its proposed decision in 1 case from the prior year.

HEARING SUMMARY

		05/06	04/05	03/04	02/03
Review of Qualification to hold a certificate	Granted	0	0	1	0
	Refused	0	0	0	1
Application for Exemption Secondary Occupation	Granted	1	0	0	1
	Refused	1	1	1	0
Application for Removal of Restriction	Granted	1	1	1	0
	Refused	1	1	1	1
Other	Granted	0	0	0	0
	Rrefused	0	0	1	0
Total		***4***	***3***	***5***	***3***

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. Over the last year, the Committee had three requests for hearings of which one was withdrawn by the applicant.

REGISTRATION

	05/06	04/05	03/04	02/03
Individual Registrants	15,773	15,532	15,013	14,388
Partnerships & Corporations	1,181	1,184	1,205	1,235
Sole Proprietorships	26	31	36	43
Consultants & Wholesalers	13	7	3	-
Active Businesses	*1,220	*1,222	*1,244	*1,278
Average number of registrants per business	12.9	12.7	12	11.3

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

With further consolidation and amalgamation, we continue to see a decrease in the number of business registrations. At the same time, individual registrations have increased.

CHRIS WARD MEMORIAL AWARD

This award is presented in memory of RIBO's late president Christopher J. Ward, to the individual who receives the highest mark on the first attempt of either the Management or Technical examination. I'm happy to announce that this year's recipient is Judy Louise Raaymaker of Donohue-Kok Insurance Group 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 was one of RIBO's founding fathers and also acted as the first President.

The Donald W. Lambie Award is presented to the individual with the highest mark in the initial RIBO qualification examination. This year's winner is Roseanne Laity of Algoma Insurance Brokers Limited.

Please join us in congratulating the award winners. We look forward to recognizing their achievements at the Annual Meeting on November 9, 2006.

I would like to take this opportunity to thank the volunteer members of the various sub-committees and individual brokers who willingly give their time to assist the Committee and Department.

In closing I would like to take this opportunity to thank Lilian Croucher and the staff of the Qualification and Registration Department for their dedication. As the Committee and staff work to assist you with the challenges that lie ahead, we hope that you will contact us for advice or to address any concerns you may have.

We look forward to working with you in the coming year.

"STAFF CONTINUES TO MAKE EVERY EFFORT TO PROVIDE HELPFUL SERVICE TO OUR MEMBERS AND THE PUBLIC AND TO BE FAIR AND REASONABLE IN THE PERFORMANCE OF THEIR DUTIES."

RIBO STAFF PHOTO 2005 • 2006

Seated (left to right):
Management: Patrick Ballantyne (Corporate Legal Services), Susan MacKenzie (Marketing & Communications), Jeff Bear (CEO), Lilian Croucher (Qualification & Registration), Tim Goff (Complaints & Investigation), Winston Koo (Administration & Finance).

Standing (left to right):
Valrie Bailey, Michael Buck, Erica Lo, Lise Clements, Vivian Lee, Gustavo Blandon, Crystal Skyvington, Shannon McMahon, Diana Campoli, Laurie Reynolds, Irene Chung, Claudia Blandon.

Absent:
Nadine Austin, Jack Bensimon, Sharon Bentley, Filomena Bolognese, Angela Daley, Madeline Ross.

REGISTERED INSURANCE BROKERS OF ONTARIO

Minutes of the Twenty-Fourth Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 10, 2005 at 2:00 p.m. in the Arcadian Room of the Simpson Tower, Toronto, Ontario.

OPENING OF MEETING

The outgoing President, Jack Baizana, introduced members of the Board for 2005 that were in attendance. They were: Toots Everley, Joanne Brown, Bonnie Warder, Rod Finlayson, Art Langley, Al Hawco, Sharad Mistry, Paul Armstrong, Caroline MacDonald, Hania Amad and Gloria Shan.

The Chairperson, Jack Baizana, then introduced Jeff Bear, Chief Executive Officer of RIBO.

He then thanked RIBO staff and fellow Council members for their dedication and hard work, then introduced the managers of RIBO staff.

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

APPOINTMENT OF SCRUTINEERS: REPORT AS TO QUORUM

The Chairperson called for the appointment of Diana Campoli, Yvette Losier and Shannon McMahon to act as scrutineers of the meeting. As there were no objections, these individuals were so appointed.

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

NOTICE OF MEETING

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

CONSTITUTION OF MEETING

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

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

QUESTION PERIOD PROCEDURES

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

MINUTES OF THE NOVEMBER 4, 2004 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 Jim Bonnay and **seconded** by Art Langley that the Minutes of the November 4, 2004 Annual Meeting be approved as presented. **Motion Carried.**

PRESIDENT'S REPORT

Jack Baizana thanked everyone for their attendance on this day and for giving him the opportunity to serve as their RIBO President over the past year. His report included the following comments.

During this past year, the main focus remained on an investigation into broker practices in the United States which raised concerns here in Canada. Our mandate is to protect the interests of the public while guiding the profession, so we initiated a review of Ontario's market practices. Working closely with the Financial Services Commission of Ontario we began an assessment of a wide range of industry practices, including broker compensation and the relationship between intermediaries and insurance companies.

Regulators across the country also took initiative to ensure a coordinated national approach to this review. The Canadian Council of Insurance Regulators and the Canadian Insurance Services Regulatory organizations created a joint task force to look into the issue. Our Chief Executive Officer, Jeff Bear, is one of the representatives on this Joint Committee.

On January 1, 2005, the regulations under the *Registered Insurance Brokers Act* were amended to require all brokers to "disclose to a client or prospective client, in writing, any conflict of interest or any potential conflict of interest of the broker that is associated with a transaction or recommendation". Subsequently, RIBO issued a commentary under our Code of Conduct that explained to brokers the application of the duty to disclose conflicts of interest and provided a set of guidelines to interpret the disclosure requirement. Concurrent with this regulatory amendment, Ontario insurance brokers began implementing an industry wide agreement structured in consultation with the government, to provide clients with a commission disclosure document related to the brokerage's market capacity for the type of risk being covered. RIBO suggested that brokers integrate their firm's commission disclosure document with any conflict of interest disclosure required (such as ownership, financial linkages or contingent profit sharing agreements with insurers) and produce all this information in one document for their clients.

RIBO now considers commission disclosure to be standard conduct in the brokerage industry in Ontario and accordingly, we now request a copy of each firm's disclosure documents as a matter of course during our routine spot-check visits. Failure by a brokerage to do so may result in complaint proceedings through RIBO's disciplinary process. RIBO will now also investigate and process any complaints received from the public regarding this standard.

At the moment there is nothing to report concerning the CCIR-CISRO Industry Practices Review Committee since it is still in the consultation phase. However, since we began monitoring the disclosure documents last January 1st, the compliance rate is 99% among the approximately 140 brokerages we have audited.

The RIBO Election presents brokers with an excellent opportunity to contribute and make a difference to the profession. This 2005 Election year welcomed back Rod Finlayson and Bonnie Warder and welcomed Paul Armstrong as a new Board Member. RIBO Council also welcomed Sharad Mistry and Hania Amad as new public members appointed to the Board by the Lieutenant Governor in Council who represent consumer interests.

RIBO's internal operations experienced some significant changes this year. Shortly after last November's Annual meeting, RIBO suffered a great loss with the death of our colleague and friend, Brad Nairn. We extend our deepest sympathies to his family and friends. We all miss him very much. George Martin retired after 15 years with

Donald W. Lambie presents Dianne Miller with the Donald W. Lambie Award

RIBO and we wish him well. Winston Koo returned to RIBO as the Manager, Administration and Finance and Patrick Ballantyne was hired as RIBO's General Counsel.

RIBO acknowledges the cooperation received throughout the year from the many organizations with which we work. Particular thanks go to the Insurance Brokers Association of Ontario, the Toronto Insurance Conference and the Financial Services Commission of Ontario for their direction this year, especially for all their work in achieving an industry based disclosure protocol. We also recognize the support and guidance we receive from other federal and provincial regulatory organizations. In the past year we have been involved in meetings with the Insurance Brokers Association of Canada, the Insurance Bureau of Canada and the Facility Association. As an active member of the Canadian Insurances Services Regulatory Organizations, RIBO continues to work closely with other regulators and industry associations on harmonization and other issues of national concern.

RIBO will continue to fulfill our statutory responsibility while working to continually earn support and trust by adding value to our regulatory role.

In closing, there are several people I'd like to thank, beginning first of all with Jeff Bear. Jeff has proven to be an effective leader both in and outside the office. I would also like to thank the RIBO staff members for their hard work, determination and professionalism. Finally, I would like to also thank my fellow Council members who continue to expend their time and effort on behalf of the public and all of the brokers in Ontario.

PRESENTATION OF THE DONALD W. LAMBIE EDUCATION AWARD

The Chairperson requested that Toots Everley, RIBO's Chair of the Qualification and Registration Committee, present the Donald W. Lambie Education Award(s) to Dianne Miller of Craig, McDonald Reddon Insurance Brokers for receiving the highest mark in the initial RIBO Qualification Examination.

PRESENTATION OF CHRIS WARD MEMORIAL AWARD

The Chairperson announced that the winner of the annual Chris Ward Memorial Award for having the highest mark on the first attempt of the Level II Examination is Tracey Long of Generations Insurance.

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, 2005. He requested that a copy of the Annual Report be filed

Lillian Croucher (left) and Toots Everley (right) present Tracey Long with the Chris Ward Memorial Award

with the Minutes of this meeting. He then requested Lisa Ryan of PriceWaterhouse Coopers to read the auditor's report to members.

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

It was **moved** by John Gelston and **seconded** by David Yeates that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2005, including the standing Committee Reports and the Auditors' Report on the Financial Statements. **Motion Carried.**

APPOINTMENT OF AUDITORS

It was **moved** by Bonnie Warder and **seconded** by Bruce Pearson that PriceWaterhouse Coopers be re-appointed as Auditors of the Corporation until the next Annual Meeting or until their successors are appointed, and their remuneration as such be fixed by the Council, and the Council be authorized to fix such remuneration. **Motion Carried.**

ELECTION RESULTS

The Chairperson called upon the CEO to announce the results of the election. The CEO, Jeff Bear, reported that the candidates in order of finish were: Caroline MacDonald, John Baizana, Al Chamney, Jack Lee, Michael Howard, Paul Ayotte, Andreas Schwartze and Barry Wallace. Jeff further reported that the three successful candidates elected to Council were: Caroline MacDonald, John Baizana and Al Chamney.

The Chairperson congratulated the re-appointment of Caroline MacDonald and welcomed John Baizana and Al Chamney to RIBO Council.

The Chairperson then thanked Hassan Jaffer and Byron Moffitt for their dedication and service on RIBO's Council for the past few years.

QUESTION PERIOD

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

TERMINATION OF MEETING

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

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

At 2:25 p.m., there being no further business, it was **moved** by Art Langley that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. **Motion Carried.**

Registered Insurance Brokers of Ontario

Financial Statements
July 31, 2006

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
PO Box 82
Royal Trust Tower, Suite 3000
Toronto Dominion Centre
Toronto, Ontario
Canada M5K 1G8
Telephone +1 416 863 1133
Facsimile +1 416 365 8215

August 18, 2006

Auditors' Report

To the Registrants of
Registered Insurance Brokers of Ontario

We have audited the balance sheet of **Registered Insurance Brokers of Ontario** as at July 31, 2006 and the statements of operations, changes in the RIBO Professional Indemnification Fund and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 2006 and the results of its operations, the changes in the RIBO Professional Indemnification Fund and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Registered Insurance Brokers of Ontario

Balance Sheet

As at July 31, 2006

	2006 $	2005 $
Assets		
Current assets		
Cash	3,889,428	3,838,516
Cash and investments in trust (note 4)	854,755	829,332
Prepaid and sundry assets	119,025	114,249
	4,863,208	4,782,097
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	92,076	61,241
Unearned revenue (note 2)	604,233	597,298
	696,309	658,539
Fund Balances		
RIBO Professional Indemnification Fund (note 4)	854,755	829,332
Operating Fund	3,312,144	3,294,226
	4,166,899	4,123,558
	4,863,208	4,782,097

Approved by the Board of Directors

Fawley Director

Bonnie Warden Director

Registered Insurance Brokers of Ontario

Statement of Operations

For the year ended July 31, 2006

	2006 $	2005 $
External costs of regulation		
Qualification and registration	183,014	234,911
Complaints and disciplinary investigations and hearings	175,573	158,612
Consumer protection expenses	70,740	74,752
	429,327	468,275
External costs of communication		
Bulletins and mailings	61,817	57,004
Election expenses	16,323	15,261
Annual meeting	41,485	36,353
Other communication expenses	67,211	73,107
	186,836	181,725
Administration costs		
Salaries and employee benefits	1,832,620	1,746,990
Rent, property taxes and utilities	327,976	318,350
Office and general (note 6)	331,040	206,693
Professional fees	12,000	11,529
Committees	143,649	134,615
Computer expenses (note 6)	89,989	84,469
	2,737,274	2,502,646
	3,353,437	3,152,646
Funding of operating costs		
Registration and examination fees	3,147,712	2,911,199
Investment and other income	223,643	181,649
	3,371,355	3,092,848
Surplus (deficit) of revenue over operating costs for the year	17,918	(59,798)
Operating Fund - Beginning of year	3,294,226	3,354,024
Operating Fund - End of year	3,312,144	3,294,226

Registered Insurance Brokers of Ontario

Statement of Changes in the RIBO Professional Indemnification Fund

For the year ended July 31, 2006

	2006 $	2005 $
Investment income	25,423	18,239
Fund balance - Beginning of year	829,332	811,093
Fund balance - End of year	854,755	829,332

Registered Insurance Brokers of Ontario
Statement of Cash Flows
For the year ended July 31, 2006

	2006 $	2005 $
Cash provided by (used in)		
Operating activities		
Registration fees collected	2,868,837	2,590,673
Examination fees collected	285,810	326,024
Investment and other income received	223,643	181,649
Cash paid to suppliers and employees	(3,327,378)	(3,250,584)
Net increase (decrease) in cash	50,912	(152,238)
Cash - Beginning of year	3,838,516	3,990,754
Cash - End of year	3,889,428	3,838,516

1 Significant corporate information

Registered Insurance Brokers of Ontario (the Corporation) was continued as a body corporate without share capital under the Registered Insurance Brokers Act, R.S.O. 1980 (the Act). The Corporation operates as a non-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 fund balance, designated as the RIBO Professional Indemnification Fund (the Fund), subject to a trust governed by independent trustees, to anticipate any requirement to finance investigative and trusteeship costs that increase significantly in excess of those budgeted (note 4).

The Corporation is exempt from income taxes under Section 149(1)(l) of the Income Tax Act (Canada), as a non-profit organization.

2 Summary of significant accounting policies

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. The portion of registration fees relating to the period subsequent to the fiscal year-end is deferred and included as unearned revenue on the balance sheet. Included in unearned revenue are fees paid in advance of $96,800 (2005 - $89,981).

3 Commitments

The Corporation is committed to make future minimum lease payments of $867,732 for office premises and equipment operating leases.

The listing of commitments below represents future minimum lease payments for office premises and equipment operating leases for the next five years:

	$
2007	125,960
2008	117,444
2009	117,444
2010	120,299
2011	122,337
	603,484

4 RIBO Professional Indemnification Fund

The Fund was established on July 29, 1992 by a deed of trust to cover losses on claims for premiums misappropriated by brokers to a maximum of $10,000 per claimant and the Corporation's expenses in connection with investigation(s) and appointment of a trustee(s) under the Act. The Fund is responsible for the first $500,000 of these claims and expenses and the Corporation purchased insurance coverage in the amount of $1,000,000 for aggregate claims and expenses exceeding $500,000.

As at July 31, 2006, the Fund was comprised of cash and investments in trust of $854,755 (2005 - $829,332).

5 Contingency

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.

6 Capital assets

Costs relating to the purchase of capital assets are expensed as incurred. For the year ended July 31, 2006, the Corporation purchased $108,070 (2005 - $36,499) in capital assets, which has been recorded as part of administration costs on the statement of operations. These assets include furniture, fixtures and computer software.