Celebrating Our
25th Anniversary

RIBO

annual report

2006 • 2007

"AS IN THE BEGINNING, RIBO WILL CONTINUE TO CONSULT WITH BROKERS, TO REACH OUT FOR INPUT AND GUIDANCE."

2006 • 2007 RIBO COUNCIL

Standing (left to right):
Jack Lee, Rod Finlayson, John Baizana, Al Chamney, Al Hawco, Jim Hawryluk, Brian Purcell, Sharad Mistry and Paul Armstrong.

Seated (left to right):
Caroline MacDonald, Hania Amad, Jeff Bear (CEO), Laura Sheehan and Bonnie Warder.

REPORT FROM THE PRESIDENT

BONNIE WARDER
PRESIDENT

"We have endeavoured to keep the consumers' interest paramount, with the conviction that, in addition to complying with our mandate from the government, what is good for the consumer is, or eventually will be, in the best interest of the intermediaries, the insurers and the government."
—*Donald W. Lambie, RIBO President, 1981*

CELEBRATING 25 YEARS

It's been a milestone year for the Registered Insurance Brokers of Ontario. On October 1, 2006, we marked our 25th anniversary as a self-regulatory body. As a broker for almost 20 years, I consider it a tremendous honour to serve as President during such an extraordinary year.

RIBO is incredibly grateful to a devoted group of brokers who were dedicated to the concept and implementation of self-regulation over a quarter century ago. Without them, the Registered Insurance Brokers Act would not have come into effect on October 1, 1981. Although our industry has seen countless changes over the past 25 years, the principles established then for self-regulation and the protection of the insuring public as our mission remained steadfast – to protect the interests of the public while guiding the profession.

CELEBRATING OUR ANNIVERSARY

In order to mark our anniversary the Marketing and Communications Committee worked very hard throughout the year to plan special events and implement several new initiatives.

The Anniversary year began with the Board of Directors throwing a party in honour of the people that truly make RIBO the success story it is today – RIBO staff. Speaking on behalf of my fellow Board Members, I must say that I do not believe we could have accomplished what we have today without the loyalty and knowledge of our staff--most of which have been with the organization for more than ten years. I truly thank them for their dedication and professionalism.

Several other anniversary events for past Board and Committee members, brokers and industry leaders were also thrown throughout the year allowing RIBO some wonderful opportunities to meet and speak with our industry colleagues and talk about old times and how far we have progressed.

NEW LOOK FOR RIBO

One of the new initiatives introduced in conjunction with the commencement of our anniversary year was the development of a new, more up-to-date, look for RIBO. Last October, RIBO introduced an entirely new logo to very positive reviews. This logo, which is a slightly different colour than the previous one, now appears on all our marketing material; including letterhead, licences, plaques, website, trade-show material and the Bulletin. As you can imagine, coordinating this launch was a lot of work so I want to thank the Marketing and Communications Committee for their extra effort this year.

In addition to the marketing material listed above, the new logo was also featured in a 25th- anniversary-year lapel pin all brokers received with the Fall Bulletin. If you didn't receive one or have misplaced it, there are extras so please contact the RIBO office for another.

Besides designing a new logo last fall, the Bulletin too has undergone a redesign. The new, more modern, look was also launched in October to coincide with the anniversary date. The fall edition also contained a timeline of RIBO's progression toward self-regulation and an article written by first President Donald W. Lambie in 1981.

EMAIL-ONLY FORMAT

RIBO continues to seek new, more efficient, methods to communicate with our members. Accordingly, late last winter we requested that all Principal Brokers provide us with their primary work email address, as well as the email address of all registered persons working within their brokerage, including any branch or home offices. We are still in the process of gathering email addresses and soon hope to be able to distribute important news or updates in a more timely and effective manner.

Last spring we emailed our first email "test" of the Bulletin to all brokers who had already provided their address. We were immediately flooded by positive emails from brokers, One such example read, "Congratulations on this. I'm sure the cost savings in paper alone will be significant, not to mention the environmental impact of the paper savings. I always prefer receiving newsletter and so forth in email format over paper." Soon both the Bulletin and the Continuing Education Report will be distributed by email only.

RIBO ADMINISTRATION

Under the direction of CEO Jeff Bear, RIBO 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 respectful of the authority granted to RIBO under the Act and continue to act responsibly in its application. I am confident they will continue to deal with our members and the public in this manner.

Our first President Donald W. Lambie stated in 1981 that, "It is recognized that self-regulation is, and will continue to be, an evolving process. Undoubtedly adjustments will need to be considered in the legislation where experience and the consumer interest indicate." As in the beginning, RIBO will continue to consult with brokers, to reach out for input and guidance. As a team we can meet the challenges which lie ahead. We must always remember that RIBO, as a self-regulatory body is built on brokers helping brokers to regulate the profession and serve the public.

It has been an honour for me to serve as President this year. I thank my fellow Council Members for their support. I am sad to be leaving RIBO, but I am certain that future Councils will help lead our industry confidently through the challenges that lie ahead and guide our industry to a promising future.

REPORT OF THE CHIEF EXECUTIVE OFFICER

Jeff Bear
Chief Executive Officer

Since 1981, our mandate has been to uphold the best interests of consumers while guiding the profession. With more than 25 years as a self-regulatory body Council and staff continue to work together to make sure that RIBO meets the needs of both brokers and consumers. As staff members, we take our responsibilities seriously. It is our job to uphold and embrace the values defined and approved collectively by Council.

The annual report allows us the opportunity to outline what has taken place over the past year and explain our financial situation. The following is a brief outline of the 2006-2007 fiscal year:

Each year our membership elects three brokers to RIBO Council. Last November brokers elected Brian Purcell, Jack Lee and Jim Hawryluk. Our Council is also made up of four Public Members appointed by the Lieutenant Governor in Council. In the past year both Laura Sheehan and Dominic Presta were appointed to the Board as Public Members. All our new Council Members have already proven themselves to be valuable assets to the Board.

I would like to extend best wishes and many thanks to our newly retired Directors, Joanne Brown (President 2003-2004), Toots Everley (President 2005-2006) and Art Langley (President 2004-2005) for their six years of service on our Board. They are each truly dedicated and loyal insurance professionals who will be greatly missed by RIBO Council. For those of you who were unable to attend our November annual meeting, Toot Everley's address as President has been included in this annual report and can be found on page 13.

In addition to our President, Bonnie Warder, The Officers of the Corporation for the 2006-2007 term were Paul Armstrong (Vice-President), John Baizana (Secretary) and Al Chamney (Treasurer).

COMMUNICATIONS

Council and staff members recognize the importance of strengthening our communications with both our membership and the public. Our mandate is to regulate the profession and to protect the public. We can only fulfill this mandate by working as a team to open the lines of communication.

In order to provide strong leadership, RIBO continues to work on the way we communicate. This year we continued to reinforce our relationship with associations and other regulatory bodies across the province and throughout Canada, helping

Celebrating Our Anniversary 25

to unite and enhance the future of the general insurance broker. Thank you to the Insurance Brokers Association of Ontario (IBAO), the Insurance Brokers Association of Canada (IBAC) and the Toronto Insurance Congress (TIC) for their continuous support. I would also like to thank the Financial Services Commission of Ontario (FSCO) for the guidance and cooperation we have received.

In order to develop healthy lines of communication, it is important for representatives of RIBO to meet with brokers from across the province. I was very fortunate this year to have the opportunity to attend many regional IBAO meetings. I was very much impressed at the vigor and community spirit in different communities. At these meetings I attempted to inform the members about the activities and initiatives of RIBO this year and to listen carefully to their concerns in order to ensure that these concerns were brought to the attention of our Council and staff.

QUALIFICATION AND REGISTRATION

We are pleased to inform you of the adoption of the reliance model for the reciprocal licensing of insurance agents and brokers. This approach was agreed to by provincial regulators at the meetings of the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO).

The reliance model incorporates greater harmonization for agent and broker application forms and continuing education requirements. It is intended to harmonize the requirements faced by agents and brokers who are licensed or want to be licensed in multiple jurisdictions.
The model states that a host jurisdiction relies on most of the requirements of the agent's or broker's home jurisdiction, but could request that the agent or broker meet further requirements specific to the host jurisdiction. For example, brokers or agents making applications to RIBO must write the equivalency exams on Ontario Automobile and the RIBO Act, Regulation and Bylaws.

We believe that this model will serve as a further step towards promoting increased harmonization in provincial and territorial insurance. As you are aware, the CCIR and CISRO Reciprocal Licensing Standards Committee worked with the insurance industry through extensive consultations and meetings to develop the model. We thank you again for your input and support.

PROFESSIONAL DEVELOPMENT

Following consultations with a wide group of stakeholders the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) endorsed the three principles as recommended in 'Managing Conflicts of Interest: A Consultation Paper on Enhancing and Harmonizing Best Practices', in the spring of 2006. RIBO supports the three principles for managing conflict of interest, which are intended to promote consumer confidence.

The principles are as follows:
PRIORITY OF CLIENT'S INTEREST:
An intermediary must place the interests of policyholders and prospective purchasers of insurance ahead of his or her own interests.

DISCLOSURE OF CONFLICTS OF INTEREST OR POTENTIAL CONFLICTS OF INTEREST:
Consumers must receive disclosure of any actual or potential conflict of interest that is associated with a transaction or recommendation.

PRODUCT SUITABILITY:
The recommended product must be suitable for the needs of the consumer.

RIBO has already provided brokers with Guidelines for managing conflicts of interests in various situations. In a recent Bulletin, RIBO also published articles dealing with the priority of the client's interest in business transfers and dealing with best practices in product suitability. RIBO has also been assessing the degree of application of these principles in the marketplace through our spot-check process, during broker visits.

Thus far, all indications are that brokers are applying these principles in their day-to-day operations. Thank you for your continued cooperation in this process and for promoting best practices in conflict of interests in the marketplace.

A sincere thank you to the RIBO staff for their hard work, determination and professionalism. It is through their work that we are able to operate efficiently and effectively.

Once again, I would like to thank our membership for their comments and support. I would also like to thank our Council members and dedicated volunteers who continue to expend their time and effort on behalf of the public and all of the brokers in Ontario.

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 which lie ahead. Please do not hesitate to write, call, e-mail or fax any Council or Staff member with your concerns or opinions.

REPORT OF THE PROFESSIONAL DEVELOPMENT COMMITTEE

John Baizana
Chairperson

The Registered Insurance Brokers Act and Regulations govern all general insurance brokers in Ontario. It is the responsibility of RIBO's Board of Directors, its committees and staff to administer the Act and the regulations.

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

There are two main types of complaints handled by the Complaints and Investigations Department. The first is finance related, and is usually generated 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 well over **1700**-inquiry telephone calls last year. This compares with **1900** 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 **1700** consumer inquiry calls, approximately **95%** of the "telephone complaints" were resolved in this manner.

- **100** 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 **72** active files, meaning investigations or complaints proceedings were already in progress from the previous year.

- **118** files were resolved and closed this year, leaving **54** 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 **8** 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, **11** of the files were closed in the broker's favour, with **15** cases raising issues regarding misconduct, and were referred to the Discipline Committee for further review.

- Of the **15** cases that raised issues regarding misconduct, **4** 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 **9** days during the year, on which **11** cases were presented for approval on a consent basis, and **5** 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.

- The random spot-check program this year resulted in **183** spot checks of which only **5** resulted in any kind of formal proceeding. Although our usual target number of spot checks is **240**, we were unable to accomplish this due to a maternity leave. In addition, there were **9** spot checks in progress or with follow-up at fiscal year end. This year the goal is to conduct **240** brokerage visits.

I would like to take this opportunity to thank my fellow committee members who willingly volunteer their time. A special thank you goes to the staff of the Complaints and Discipline Department for their hard work and support, in particular, to Tim Goff, for his guidance throughout the year.

It has been a pleasure serving as the Chairperson of the Professional Development Committee this year. I thank you for the opportunity.

PROFESSIONAL DEVELOPMENT CHARTS

SOURCE AND TYPE OF COMPLAINT FILES

SOURCE

	06/07	05/06
Non – Compliance	41	56
Public	37	66
Member Brokers	16	30
Insurers	5	1
Lawyers	1	0
Government & Other Sources	0	1
Total	**100**	**154**

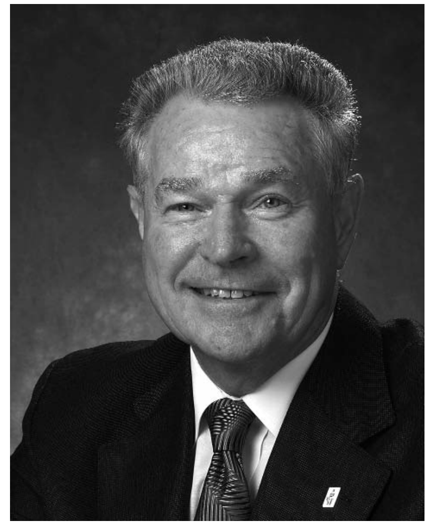
TYPE

	06/07	05/06
Code of Conduct	59	93
Other Misconduct	4	5
Delinquent Filing	9	5
Trust Funds	23	38
Equity Requirements	0	1
Financial Records	5	10
Non-Compliance (other regs.)	0	0
Criminal Allegations	0	2
Total	**100**	**154**

DISPOSITION OF DISCIPLINARY PROCEEDINGS

	06/07	05/06	04/05
Certificate of Registration Revoked	4	9	11
Certificate of Registration Suspended	11	8	7
Certificate of Registration Restricted	2	5	6
Attendance at Education Course Ordered	2	0	1
Additional Financial Reports Ordered	2	7	15
Investigation Cost Recovery	0	1	2
Fines, Payable to Ministry of Finance	3	1	2
Registrant Reprimanded	0	0	4
Dismissed in Broker's Favour	0	0	0

REPORT OF THE QUALIFICATION & REGISTRATION DEPARTMENT



Paul C. Armstrong
Chairperson

I has been a sincere pleasure to serve as Chairperson of the Qualification and Regulation Committee.

The committee establishes and sets RIBO's qualification and education standards. Throughout the year we monitor and refine our procedures and guidelines in order to meet industry changes. 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 its decisions keeping in mind 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, 2006 – July 31, 2007):

NEW BROKERS – ACTING UNDER SUPERVISION

	06/07	*05/06*
Exams Written	1988	2029
Passing Ratio	62%	62%
Passing rate for those who attended a course	71%	67%
Passing rate for those who did not attend a course	58%	55%

LEVEL II — REMOVAL OF RESTRICTION

	06/07	*05/06*
Technical Exams Written	40	39
Passing Ratio	35%	33%
Management Exams Written	114	127
Passing Ratio	59%	61%

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	174	3
Application for Removal of Restrictions	0	0
Other	3	6

The Committee reviewed a total of 186 requests. The majority (177) were requests for secondary business exemptions. These requests require exemption from Regulation 991, Section 5 (i) (b). Over the course of the year the Committee granted 174 secondary business exemptions. Eighteen 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.

In the other category, the Committee recommended that Council grant permission to three brokerage firms in other provinces to hold their Ontario Trust Monies in their home province on the condition that they comply with the listed RIBO Regulations. The Committee also refused six cases where an individual firm did not meet the suitability of qualification for RIBO registration due to criminal background, no qualified Principal Broker and falsification of a new and/or renewal application.

Of the nine refusals, three made requests for hearings, three subsequently withdrew their requests, two final decisions were made and one is currently pending. The Committee also confirmed its proposed decision in two cases from the prior year.

HEARING SUMMARY

		06/07	05/06	04/05	03/04
Review of Qualification to hold a certificate	Granted	0	0	0	1
	Refused	2	0	0	0
Application for Exemption Secondary Occupation	Granted	0	1	0	0
	Refused	1	1	1	1
Application for Removal of Restriction	Granted	0	1	1	1
	Refused	0	1	1	1
Other	Granted	0	0	0	0
	Rrefused	0	0	0	1
Total		***3***	***4***	***3***	***5***

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.

REGISTRATION

	06/07	05/06	04/05	03/04
Individual Registrants	16,055	15,773	15,532	15,013
Partnerships & Corporations	1,180	1,181	1,184	1,205
Sole Proprietorships	21	26	31	36
Consultants & Wholesalers	22	13	7	3
Active Businesses	*1,223	*1,220	*1,222	*1,244
Average number of registrants per business	13.1	12.9	12.7	12

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

Even with further consolidation and amalgamation, we have seen the number of business registrations stay virtually the same for the past three years. 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 Colin Jeffery Moor of Marhen Insurance Brokers Ltd.

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 Geoffrey James Deleplanque of OTIP/RAEO Insurance Brokers Inc.

Please join us in congratulating the award winners. We look forward to recognizing their achievements at the Annual Meeting on November 8, 2007.

I would like to take this opportunity to thank my fellow committee members for their support over the last year and offer special thanks to the volunteer members of the various sub-committees and individual brokers who willingly give their time to assist this committee and department.

In closing, I would like to express my thanks to Lilian Croucher and the Qualification and Registration staff who work hard throughout the year to ensure that all our qualification and education needs are met.

At any time please feel free to contact staff or committee members for advice or to address any issues you may have.

I wish you every success in the coming year.

"UNDER THE DIRECTION OF CEO JEFF BEAR, RIBO 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 2006 • 2007

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

Standing (left to right):
Nadine Austin, Vivian Lee, Valrie Bailey, Laurie Reynolds, Erica Lo, Claudia Blandon Sharon Bentley, Tracy Cullen, Lise Clements, Angela Daley, Crystal Skyvington, Gustavo Blandon, Diana Campoli, Madeline Ross.

Absent:
Filomena Bolognese, Michael Buck, Irene Chung.

Outgoing President Toots Everley chairs the 25th Annual General Meeting

Minutes of the Twenty-Fifth Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 9, 2006 at 2:00 p.m. in the Arcadian Room of the Simpson Tower, Toronto, Ontario

PRESIDENT'S REPORT TOOTS EVERLEY

On October 1, 2006, the Registered Insurance Brokers of Ontario completed 25 years of operation as a self-regulatory body.

The creation of RIBO represented many years of planning and hard work by a devoted group of brokers. They were committed to the idea of brokers regulating brokers as the best means of consumer protection while improving the professional recognition of the property and casualty insurance brokers in Ontario.

There are a few here today who can remember our industry before RIBO. But for those who don't we have all gained a tremendous amount under RIBO's direction. Our founding brokers, who went on to become RIBO's first Board of Directors, were right; self regulation works Not only does it work, but it works to the benefit of both consumers and brokers alike. A quarter century after the Registered Insurance Brokers Act came into effect, we are still governed by the same basic principles adopted by the first Board and that is, to serve the interests of the public, while regulating the profession.

Today, we have RIBO's first President, Mr. Donald Lambie with us. Without the commitment and dedication by Don and other founding members, RIBO would not exist at all. RIBO serves as a model of excellence in consumer protection across Canada. On behalf of all fellow brokers, RIBO Council and staff, thank you Don Lambie for your commitment to both consumer protection and the broker profession.

RIBO still recognizes that ensuring the protection of the public is absolutely essential for the continued success of the broker profession. We are committed to maintaining the highest standards in order to protect consumers because we recognize that it is only by adhering to such standards that we continue to maintain widespread public confidence.

Our mandate and guiding principles have stayed the same throughout the years and one of the few things that changes from year to year is the people that lead us. Each November brokers elect three new Council members to the Board. Last November, in 2005, our membership elected John Baizana and Al Chamney, while Caroline

MacDonald was re-elected to the Board. All three individuals have proven themselves to be a great asset to RIBO.

Along with the nine broker-elected Council members, the Board is also made up of four provincially appointed public members. This term we are saying goodbye to one our longest standing public members, Gloria Shan. Her insight and great sense of humour will be greatly missed. This time last year we welcomed Hania Amad and recently Laura Sheehan.

Last January we were all saddened to learn of the passing of RIBO Past President, Art Despard. Art served on the Council from 1994 to 2000 and was a Chairperson of the Discipline Committee at the time of his death. With over 50 years of experience, Art was well known and respected throughout the industry and will be missed.

In order to stay on top of the insurance industry, Council and management met for our annual Strategic Planning Session in May. Current regulations and the state of the industry were discussed. RIBO's objective during these discussions is to protect the consumer while maintaining a regulatory environment that is not so restrictive as to unduly interfere with the establishment of a level playing field for insurance intermediaries. RIBO must be flexible to respond quickly, if necessary, to changes in our environment, while maintaining our mandate of consumer protection.

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 feedback in our effort to maintain quality control.

On the communications front, RIBO staff works continuously to address current issues and makes sure that our membership is informed of changes within our industry. Our quarterly Bulletins and our website are used as a tool for communicating changes. Speaking of change, RIBO's outward appearances, specifically our logo, website and Bulletin have been redesigned in honour of our 25th Anniversary.

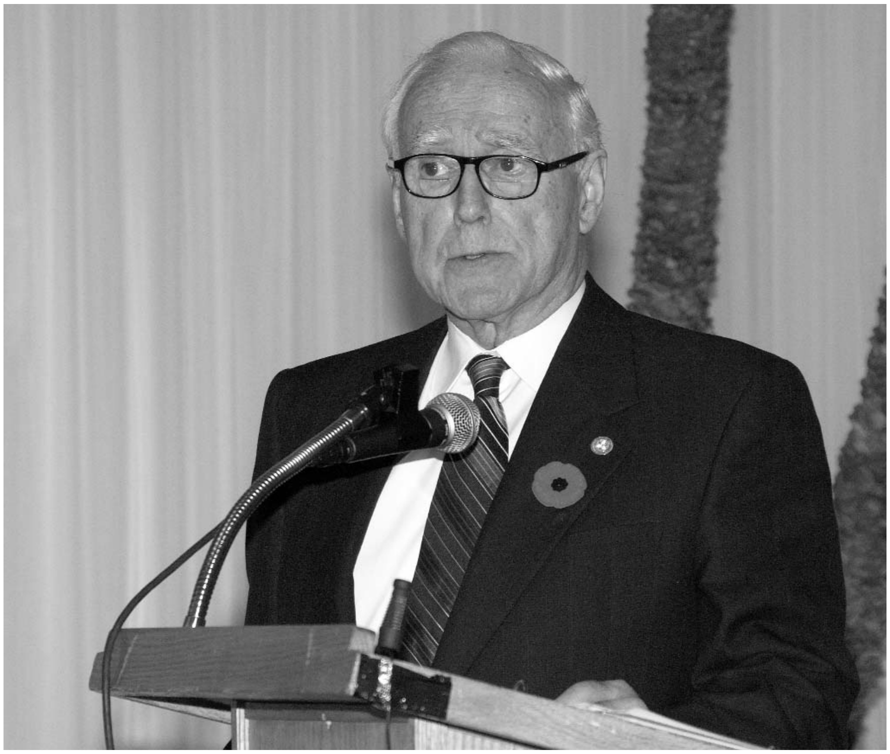
As far as compliance is concerned, RIBO now considers commission disclosure to be standard conduct in the brokerage industry in Ontario and accordingly, we now request a copy of the firm's disclosure document as part of the normal course during our routine spot checks. Failure by a brokerage to do so may result in complaint proceedings through RIBO's disciplinary process, however, to date we have seen virtually 100% compliance.

Nationally, the Canadian Council of Insurance Regulators and the Canadian Insurance Services Regulatory Organizations, of which RIBO is a member, have established a Joint Committee to ensure a coordinated national approach among regulators on various issues. Jeff Bear, our CEO, is one of the CISRO representatives on this Joint Committee.

We are pleased to announce the adoption of the reliance model for the reciprocal licensing of insurance agents and brokers. This approach was agreed to by provincial regulators at the spring meeting of the Joint Committee. They believe that this model will serve as a further step in promoting harmonization across the country.

The reliance model incorporates greater harmonization for agent and broker application forms and continuing education requirements. It is intended to harmonize the requirements faced by agents and brokers who are licensed or want to be licensed in multiple jurisdictions.

The application forms were introduced in the Fall of 2005 and are available on the CCIR website. The application forms can be used by a licensed individual applying to be registered as a non-resident agent or broker in another jurisdiction.



RIBO's first President Donald W. Lambie makes a special address in honour of RIBO's 25th anniversary.

The model states that a host jurisdiction relies on most of the requirements of the agent's or broker's home jurisdiction, but could request that the agent or broker meet further requirements specific to the host jurisdiction. For example, brokers or agents making applications to RIBO must write the equivalency exams on Ontario Automobile and the RIBO Act, Regulations and By-Laws.

Currently, six Canadian jurisdictions require their agents and brokers to secure continuing education credits. Under the agreement, Alberta, Saskatchewan, Ontario and Quebec have agreed not to impose any further continuing education requirements on a non-resident agent or broker who has met the requirements in their own Canadian jurisdiction. British Columbia and Manitoba have agreed to review their positions on this issue.

In order to provide strong leadership, RIBO continues to meet and work with industry leaders. This year we have reinforced our relationship with associations across the Province and throughout Canada to unite and enhance the future regulation of the insurance brokers. Many thanks to the Financial Services Commission of Ontario, Insurance Brokers Association of Ontario, Insurance Brokers Association of Canada and the Toronto Insurance Conference for their continued support.

In closing, there are several people I'd like to thank, beginning first of all with our CEO, Jeff Bear. Without the total commitment and dedication of RIBO staff under the strong leadership of Jeff Bear we could not have accomplished all we have in this past year and in past years. Also, I would like to thank Art Langley and Joanne Brown, two of my fellow Council members, who have had the positions of President and who are also completing their six-year term with RIBO today. I consider them my friends as well as colleagues who along with me, have dedicated many years to the property and casualty brokers in both Ontario and Canada.

Past President Rod Finlayson (far left) makes a presentation to retiring Board Members (from left to right) Art Langley, Joanne Brown and Toots Everley.

PRESENTATION OF CHRIS WARD MEMORIAL AWARD

The Chairperson requested that Bonnie Warder, RIBO's Chair of the Qualification and Registration Committee, present the Chris Ward Memorial Award to Judy Raaymaker of Strathroy for receiving the highest mark on the first attempt of the Level II Examination.

PRESENTATION OF THE DONALD W. LAMBIE EDUCATION AWARD

The Chairperson requested that Donald Lambie present the Donald W. Lambie Education Award to Roseanne Laity of Sault Ste. Marie for receiving the highest mark in the initial RIBO Qualification Examination.

Don Lambie then drew everyone's attention to a picture at the back of the room of the Council that became the first Board of Directors. He acknowledged their incredible dedication and participation in setting up RIBO from the beginning.

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, 2006. She requested that a copy of the Annual Report be filed with the Minutes of this meeting. She then requested Jonathan Simmons of PricewaterhouseCoopers 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 Lorie Phair and **seconded** by Jim Bonnay that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2006, including the standing Committee Reports and the Auditors' Report on the Financial Statements. **Motion Carried.**

APPOINTMENT OF AUDITORS

It was **moved** by Art Langley and **seconded** by Al Chamney 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.**

Registered Insurance Brokers of Ontario

Financial Statements
July 31, 2007

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
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Toronto, Ontario
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September 12, 2007

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, 2007 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, 2007 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, Licensed Public Accountants

Registered Insurance Brokers of Ontario

Balance Sheet

As at July 31, 2007

	2007 $	2006 $
Assets		
Current assets		
Cash	4,020,131	3,889,428
Cash and investments in trust (note 4)	890,013	854,755
Prepaid and sundry assets	115,446	119,025
	5,025,590	4,863,208
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	35,078	92,076
Unearned revenue (note 2)	678,470	604,233
	713,548	696,309
Fund Balances		
RIBO Professional Indemnification Fund (note 4)	890,013	854,755
Operating Fund	3,422,029	3,312,144
	4,312,042	4,166,899
	5,025,590	4,863,208

Approved by the Board of Directors

Bonnie Warder Director

Director

Registered Insurance Brokers of Ontario

Statement of Operations

For the year ended July 31, 2007

	2007 $	2006 $
External costs of regulation		
Qualification and registration	209,977	183,014
Complaints and disciplinary investigations and hearings	145,335	175,573
Consumer protection expenses	71,205	70,740
	426,517	429,327
External costs of communication		
Bulletins and mailings	63,236	61,817
Election expenses	19,568	16,323
Annual meeting	42,834	41,485
Other communication expenses	124,481	67,211
	250,119	186,836
Administration costs		
Salaries and employee benefits	1,931,407	1,832,620
Rent, property taxes and utilities	328,614	327,976
Office and general (note 6)	304,091	331,040
Professional fees	14,187	12,000
Committees	156,354	143,649
Computer expenses (note 6)	154,108	89,989
	2,888,761	2,737,274
	3,565,397	3,353,437
Funding of operating costs		
Registration and examination fees	3,391,511	3,147,712
Investment and other income	283,771	223,643
	3,675,282	3,371,355
Surplus of revenue over operating costs for the year	109,885	17,918
Operating Fund - Beginning of year	3,312,144	3,294,226
Operating Fund - End of year	3,422,029	3,312,144

Registered Insurance Brokers of Ontario

Statement of Changes in the RIBO Professional Indemnification Fund

For the year ended July 31, 2007

	2007 $	2006 $
Investment income	35,258	25,423
Fund balance - Beginning of year	854,755	829,332
Fund balance - End of year	890,013	854,755

Registered Insurance Brokers of Ontario

Statement of Cash Flows

For the year ended July 31, 2007

	2007 $	2006 $
Cash provided by (used in)		
Operating activities		
Registration fees collected	3,145,418	2,868,837
Examination fees collected	320,330	285,810
Investment and other income received	283,771	223,643
Cash paid to suppliers and employees	(3,618,816)	(3,327,378)
Net increase in cash	130,703	50,912
Cash - Beginning of year	3,889,428	3,838,516
Cash - End of year	4,020,131	3,889,428

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 $151,520 (2006 - $96,800).

3 Commitments

The Corporation is committed to make future minimum lease payments of $627,921 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:

	$
2008	123,404
2009	123,404
2010	126,259
2011	126,808
2012	128,046
	627,921

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, 2007, the Fund was comprised of cash and investments in trust of $890,013 (2006 - $854,755).

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, 2007, the Corporation purchased $82,653 (2006 - $108,070) 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.