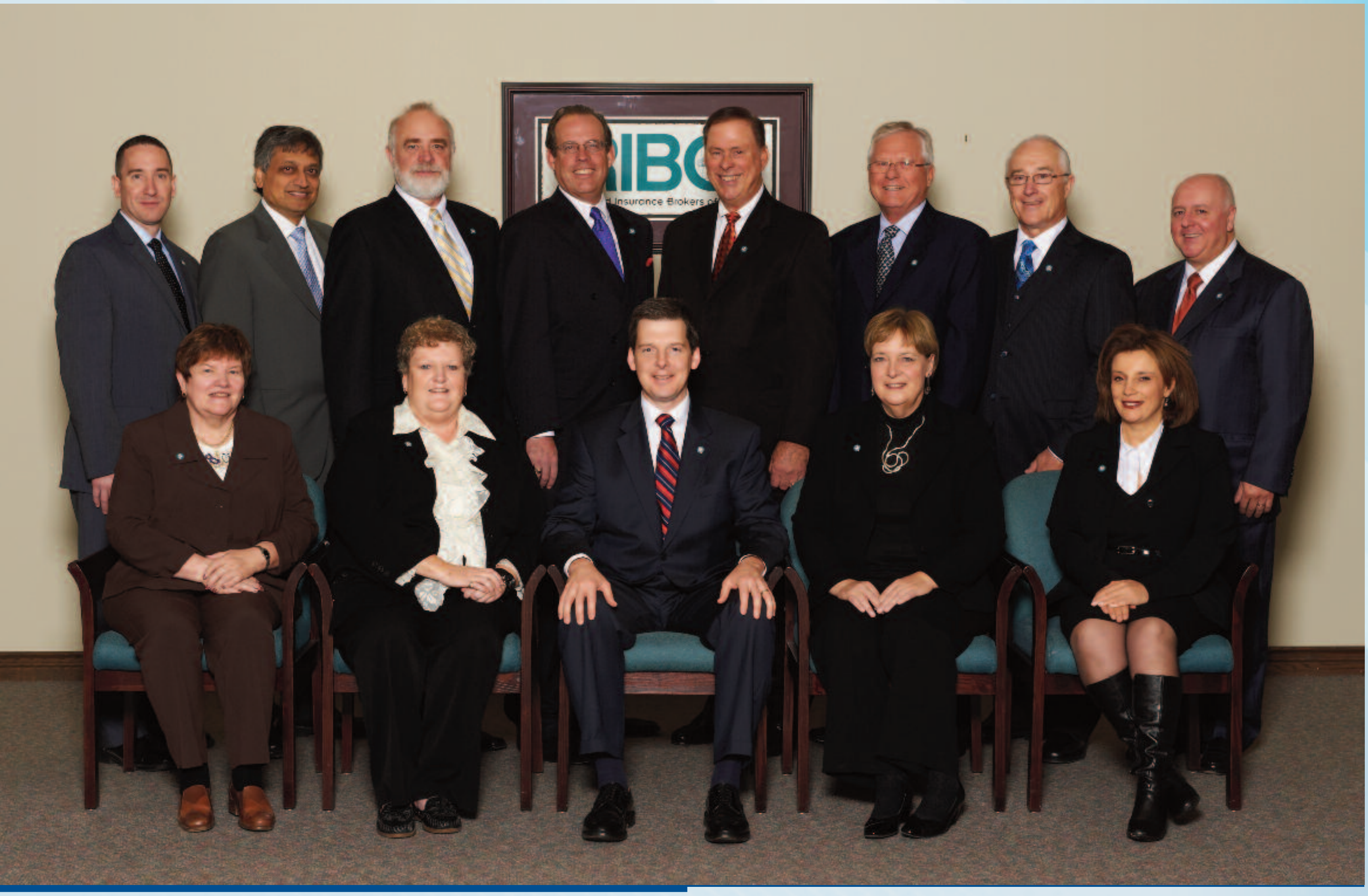
RIBO

REGISTERED INSURANCE BROKERS OF ONTARIO

ANNUAL REPORT

2010~2011

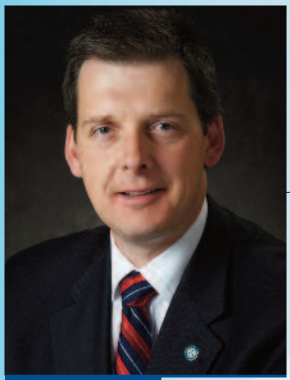
> With the dedicated team of brokers elected by our membership as well as public members, ribo continues to serve the interests of consumers while regulating the profession.



2010 – 2011 RIBO COUNCIL

Standing (Left to Right):
John Baizana, Sharad Mistry, Al Chamney, Jeff Bear, Jim Hawryluk, Robert Carter, Douglas Grahlman, Domenic Presta

Seated (Left to Right):
Norma Hitchlock, Patty Crawford, Brian Purcell, Beth Pearson, Hania Amad



BRIAN PURCELL
President

Report from the President

I am pleased to offer my Report for the 2010/ 2011 year.

My term commenced shortly after the 2010 Council elections in which Norma Hitchlock and Patty Crawford were elected and Bob Carter re-elected for a second term. My term ends shortly after the 2011 Council election which is the first to be held under the recently revised Election By-Law. I am pleased to have been a part of the discussions which led to the By-Law amendment, which is aimed at helping ensure Council even better reflects the full range of broker experience and expertise.

When my term as President commenced last autumn, Ontario brokers were still coming to terms with the Ontario auto insurance reforms. In many cases, comprehensive communication plans had been initiated by RIBO members aimed at ensuring their clients understood these changes and responded to them in an informed fashion. I am convinced that direct contact with our clients, as well as a well-documented approach to educating them on their insurance options, remains the best solution for both our clients and ourselves.

Whether employing e-mail to reach out to our clients or directing them to our websites, most of us have incorporated technology into our brokerages. In fact, most brokerages use e-mail and the internet as key client communication tools. Internally as well, we have grown increasingly reliant on broker management systems to help us with day to day activities. Similarly, many of us have the ability to offer clients an online quoting capability as a means of competing with direct writers. Regardless of the tools that we may employ to assist our business, we must always endeavour to service our clients in a professional manner. This obligation is the same regardless of whether business is conducted online or face to face. If we want to remain the best choice for the consumer to purchase their insurance, we need to respect the rules that have the consumer's interest at heart.

RIBO remains focused on the role and responsibilities of Principal Brokers. They need to ensure that all licensees in all of the offices and branches for which they are responsible are adequately supervised and trained. While we recognize that all brokerages are run differently, brokerage policies should be reflected in your office procedures and understood by all brokerage producers and staff, including those in branch locations. Their responsibilities also include visits to branches and demonstrating that meaningful broker and brokerage supervision is occurring. Principal Brokers, regardless of the structure of their brokerages and the internal characterization of their responsibilities, are all viewed the same by RIBO and are held to the same standards as set out in the Principal Broker Handbook.

I wish to conclude by thanking my fellow Council members as well as RIBO staff. As in past years, the duties and responsibilities of RIBO President are guided by their experience and direction. I applaud all who choose to participate in RIBO, whether by running for Council or serving on one of our Committees. I can assure you that the personal and professional sacrifice that occasionally entails is well worth it and demonstrates a true commitment to our profession.

JEFF BEAR
Chief Executive Officer

Report from the Chief Executive Officer

I am pleased to offer my Report for the 2010/ 2011 year.

The 2010 elections to Council saw the election of Norma Hitchlock and Patty Crawford as well as the re-election of Bob Carter for a second term. Brian Purcell was elected President by his colleagues on Council. Other officers of the Corporation for 2009/ 2010 included Jim Hawryluk (Vice-President), Doug Grahlman (Secretary) and Bob Carter (Treasurer). I want to thank the officers and all members of Council including Public members for their service and dedication to our industry.

In welcoming our new Council Members I would also like to thank departing Council Member John Gelston for his outstanding contributions to RIBO. John continues to be active as a Chairperson on our Complaints Committee.

I want to note the passing of Garry Hamilton who served on RIBO Council from 1989-1996. Garry was a good friend of RIBO and I speak on behalf of RIBO Council and all RIBO staff when I say he will be greatly missed.

On a happier note, many RIBO staff crossed important milestones over the past year. Lilian Croucher, Tim Goff, Vivian Lee, Crystal Skyvington and Erica Lo have all been with RIBO for over 20 years. I wish to acknowledge the fine work they have done on our behalf and to congratulate them on this noteworthy occasion.

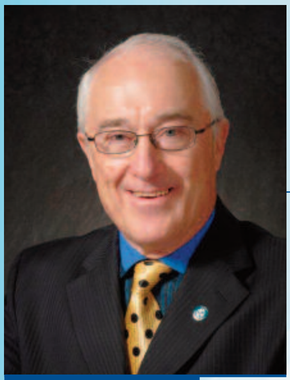
The focus of this year's Strategic Planning sessions was the RIBO Council Election By-law and how it could be revised to ensure better balance between smaller brokerages (less than 20 brokers) and larger ones (more than 20 brokers) . After a fulsome debate, revisions were drafted and agreed upon by Council and published in our Bulletin for comment before their final approval this past summer. The 2011 Council election will be the first held under the revised By-law. Allow me to thank the many of you who took the time to comment on this important initiative.

RIBO continued its participation with CISRO (Canadian Insurance Services Regulatory Organizations) which met twice in the past year and held numerous committee meetings. One of the primary goals of CISRO is to search for a consistent or harmonized response to common issues so as to avoid duplication of efforts and to minimize the regulatory burden for industry participants. Further, our ongoing and active involvement with the other regulatory agencies that participate in CISRO, including the Financial Services Commission of Ontario and other provincial insurance regulators ensure we stay aware of emerging issues, trends and effective solutions.

We also continue to benefit greatly from our relationship with both the Insurance Brokers Association of Ontario and the Toronto Insurance Conference. We actively and successfully work with them to achieve co-ordinated responses to industry issues. We strive to offer timely guidance to the membership and to be responsive to them when they need assistance.

As the CEO of RIBO I am extremely proud of the organization that our members have created and refined over the past 30 years. In many instances we have been a model for other organizations, some just starting out, others looking for a new approach to managing their existing responsibilities. That said, there are always opportunities to learn new things that might make RIBO an even more responsive and progressive regulator. To that end, I seek out opportunities to meet with representatives of other regulatory bodies, not only in Ontario but throughout Canada and internationally. I have learned that, at RIBO, we do many things very well. In other instances, I am grateful for the chance to bring fresh ideas back to our offices.

I have found, however, that often the best ideas come internally through the comments, suggestions and feedback I receive from our members. As I have said in the past, RIBO is always open to fresh ideas. We also welcome any opportunity to come to speak to you on issues of interest. It is through this interaction and dialogue that, together, we meet any challenges that lay ahead. Please do not hesitate to write, call or e-mail any Council or Staff member with your concerns or suggestions.



DOUG GRAHLMAN
Chairperson

Report of the Professional Developement Committee

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 types of finance complaints relate to trust deficits, followed by inadequate books and records.

The second type of complaint is conduct related, and is normally initiated by a consumer complaint. When a member of the public or a fellow broker makes a complaint, the 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 a hearing and final decision.

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

STATISTICAL SUMMARIES

The following statistical summaries 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 just over **1400** inquiry telephone calls last year, which is approximately **200** additional calls over the previous year. The Consumer Complaints Officer attempts to resolve as many of the complaint calls within RIBO's jurisdiction as possible. Of the **1400** consumer inquiry calls, approximately **90%** of the "telephone complaints" were resolved in this manner.
- **139** 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 **63** active files, meaning investigations or complaints proceedings were already in progress from the previous year.
- **139** files were resolved and closed this year, leaving **63** 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 **10** 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, **9** of the files were closed in the broker's favour, with **26** cases raising issues regarding misconduct, resulting in referral to the Discipline Committee for further review.
- Of the **26** cases that raised issues regarding misconduct, **17** were referred directly to the Discipline Committee for hearings and **9** were offered a resolution on a consent basis. **2** 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 **11** days during the year. **10** cases were presented for approval on a consent basis and **17** 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 **333** spot checks of which only **6** resulted in any kind of formal proceeding. There were **8** spot checks in progress or with follow up at fiscal year end included in the total number of **333** spot checks. This year the goal is to conduct **340** 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.

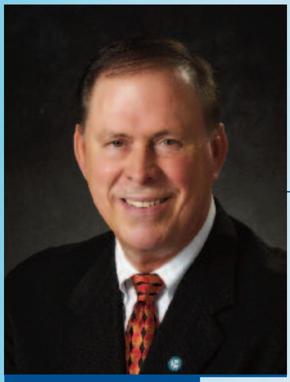
Professional Developement Charts

Source and Type of Complaint Files

Source	10/11	09/10
Non – Compliance	43	52
Public	64	23
Member Brokers	29	22
Insurers	1	3
Lawyers	1	0
Government & Other Sources	1	3
Total	**139**	**103**

Type	10/11	09/10
Code of Conduct	96	48
Other Misconduct	1	6
Delinquent Filing	0	3
Trust Funds	36	37
Equity Requirements	2	1
Financial Records	4	4
Non-Compliance (other regs.)	0	0
Criminal Allegations	0	0
Total	**139**	**99**

Disposition of Disciplinary Proceedings	10/11	09/10	08/09
Certificate of Registration Revoked	10	7	4
Certificate of Registration Suspended	3	3	4
Certificate of Registration Restricted	2	2	5
Attendance at Education Course Ordered	3	2	1
Additional Financial Reports Ordered	9	5	7
Fines, Payable to Ministry of Finance	4	5	3
Registrant Reprimanded	1	1	4
Dismissed in Broker's Favour	3	1	0



JIM HAWRYLUK
Chairperson

Report of the Qualification & Registration Department

It has been my sincere pleasure and privilege to serve as Chair of the Qualification and Registration Committee. I am proud of the progress we have made over the last year.

Being a self-regulatory body it's important to remember that we license and regulate brokers to ensure that they provide a consistent level of professional advice, service and information to the public.

The Qualification and Registration Committee meets every month to address current and emerging issues and discuss any influence they may have on our standards. Industry changes are monitored and our educational and professional requirements are reviewed and amended to make certain that brokers maintain a high standard of professional competence, ensuring public protection. The following statistical summary details the work of the committee and department over the last fiscal year (August 1, 2010 – July 31, 2011):

New Brokers – Acting Under Supervision	10/11	09/10
Exams Written (including equivalency exams)	2206	2179
Pass Rate (including equivalency exams)	67%	64%
Pass Rate (full basic-broker exam) for those attending a course	70%	64%
Pass Rate (full basic-broker exam) for those not attending a course	63%	64%

Level II - Removal of Restriction	10/11	09/10
Technical Exams Written	**32**	**42**
Pass Rate	34%	26%
Management Exams Written	**95**	**117**
Pass Rate	57%	39%

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	207	3
Application for Removal of Restrictions	0	0
Other	2	2

The Committee reviewed a total of 214 requests. The majority (210) 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 207 secondary business exemptions. Twenty-three of the requests were for exemptions to sell financial products. Requests for secondary business exemptions are mainly from individuals who need to supplement their incomes. In the decision process the Committee evaluates each request, taking all comments and concerns into consideration, including the possibility of a conflict of interest, or undue influence.

In the other category, the Committee recommended that Council grant permission to two brokerage firms in another province to hold their Ontario Trust Monies in their home province on the condition that they comply with the listed RIBO Regulations. The Committee also refused two cases where an individual or firm did not meet the suitability of qualification for RIBO registration or had no qualified Principal Broker.

Of the five refusals, two made requests for a hearing, one is currently pending and the Committee confirmed its proposed decision in the remaining two.

Hearing Summary		10/11	09/10	08/09	07/08
Review of Qualification to hold a certificate	Granted	1	0	1	0
	Refused	0	0	0	1
Application for Exemption Secondary Occupation	Granted	1	0	0	1
	Refused	2	0	0	0
Application for Removal of Restriction	Granted	0	0	0	0
	Refused	0	1	0	0
Other	Granted	0	0	0	0
	Refused	0	0	0	0
Total		**4**	**1**	**1**	**2**

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	10/11	09/10	08/09	07/08
Individual Registrants	17,111	16,802	16,483	16,221
Partnerships & Corporations	1,163	1,182	1,187	1,200
Sole Proprietorships	13	16	18	18
Consultants & Wholesalers	37	33	26	26
Active Businesses	*1,213	*1,231	*1,231	*1,244
Average number of registrants per business	14.1	13.6	13.4	13.0

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

Even with further consolidation and amalgamation, we have remained consistent over the past few 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 Jeffrey S. Bethune of Marleau Bros. Limited.

Donald W. Lambie Award

This award is presented in recognition of Mr. Lambie's commitment to self-regulation and his outstanding contribution to the broker profession. Mr. Lambie 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 Michael T. Hergott of Burns and Johnston Insurance & Surety Services Ltd.

Please join us in congratulating the award winners. We look forward to recognizing their achievements at the Annual Meeting on November 10, 2011.

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 the Q&R committee and department.

In closing I would like to express my thanks to Lilian Croucher and the Q&R 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 any have.

I wish you every success in the coming year.

"RIBO staff continues to make every effortto provide fair and helpful service to our members and the public."

RIBO STAFF PHOTO 2010 - 2011

Seated (Left to Right):
Management: Tim Goff (Complaints & Investigation), Patrick Ballantyne (General Counsel), Jeff Bear (Chief Executive Officer), Lilian Croucher (Qualification & Registration), Winston Koo (Administration & Finance).

Standing (Left to Right):
Valrie Bailey, Sheron Fraser, Erica Lo, Vivian Lee, Barbara Dalgleish-Reid, Laurie Reynolds, Wendy Wu, Chris Thorn, Gustavo Blandon, Lise Clements, Tracy Cullen, Irene Chung, Arthur Kosikowski, Michael Buck, Diana Campoli, Nadine Austin, Angela Daley, Crystal Skyvington.

Absent:
Debbie Lee
Fenton Fong

Minutes of the Twenty-Ninth Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 4, 2010 at 1:30 p.m. in the Arcadian Room of the Simpson Tower, Toronto, Ontario.

Opening of Meeting

The outgoing President, Al Chamney, introduced members of the Board for 2010 that were in attendance. They were: Paul Armstrong, John Baizana, Bob Carter, John Gelston, Doug Grahlman, Jim Hawryluk, Sharad Mistry, Beth Pearson and Brian Purcell.

The Chairperson, Al Chamney, then introduced Jeff Bear, Chief Executive Officer of RIBO and then introduced the rest of RIBO staff and thanked everyone for their dedication and hard work throughout the year.

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

Appointment of Scrutineers: Report as to Quorum

The Chairperson called for the appointment of Gustavo Blandon, Diana Campoli and Christopher Thorn to act as scrutineers of the meeting. As there were no objections, these individuals were so appointed.

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

Notice of Meeting

The Chairperson advised that the 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 5, 2009 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 Doug Grahlman and **seconded** by Bob Carter that the Minutes of the November 5, 2009 Annual Meeting be approved as presented. **Motion Carried.**

President's Report

Al Chamney thanked his fellow Council members and RIBO staff members for their support and encouragement throughout his term. His report included the following comments.

RIBO elections continue to be of high interest as they are integral to the privilege of self-regulation. We can be proud of the annual participation rate that is typically in the area of 25 to 30%. With many other self-regulating professions the participation rate is in the 5 to 15% rate. Nevertheless, we continue to consider ways to increase the percentage of members who take the time to vote. At some point in the future, RIBO will likely introduce an online election process, or perhaps a hybrid approach that allows for both paper and secure online voting.

Brokers' strength is our ability to deliver hands-on-service. While the Ontario government's amendments to auto insurance this past year continue to present significant changes and challenges, they also present opportunities to brokers to renew the strength of our client relationships. By representing our understanding of our clients' needs, it allows us to demonstrate our skills as brokers and to afford them the service they expect. The news we give them may not always be positive, but our clients always deserve openness and transparency.

With respect to the auto insurance changes, the IBAO has put on some excellent road shows and webinars and the Insurance Institute has offered courses, all aimed at helping to educate brokers on how those changes would impact their business operations and their clients. RIBO prepared a Best Practices document that included a summary of these changes, as well as practices that brokers could adopt to better serve their clients and manage the risk to their brokerage. That document was distributed to all members by e-mail and placed on the RIBO website for everyone to see.

RIBO also remains focused on amendments to the Unfair or Deceptive Acts or Practices regulations, introduced as part of the 2010 Auto Reforms. In particular, two key broker issues flowed from these amendments. Firstly, they helped clarify concerns surrounding the collection of client consent by brokers to the use of credit information by insurers, as well as brokers obligation to quote the lowest rate available amongst affiliated companies.

When brokers are faced with regulatory and other changes that impact their business, RIBO makes every effort to provide the members with guidelines and other information to help them understand and execute their compliance efforts. We are also committed to responding to questions from members and to providing opinions and recommendations in a timely manner.

The role of principal broker comes with great accountability and is integral to the proper functioning of an insurance brokerage in Ontario. RIBO distributed a Principal Broker Handbook in 2007 in order to assist principal brokers to understand and execute effectively their responsibilities. All principal brokers should have policies and procedures in place, reflecting both the requirement set out in the handbook and the unique qualities each brokerage operation has. RIBO's spot check program now includes a check for such policies and procedures.

RIBO has also continued in its efforts to "green" many of our activities. The annual Report and RIBO bulletins are now distributed electronically. The use of e-mail blasts allows us to present messages to brokers in a timely manner. We have been offering online registration renewals, an option that more and more members are choosing. Within a few years, online renewals will likely be the only option available, as it is environmentally friendly and streamlines the registration process. We welcome ways to better utilize the website as a communication tool and repository for information members need to operate. We are pleased with the degree to which each member has embraced these changes.

In closing, Al Chamney expressed his gratitude to serve as RIBO's President and he wished his successor all the best. He looks forward to continuing his term at RIBO as Past President.

Presentation of the Chris Ward Memorial Award

The Chairperson requested that Brian Purcell, RIBO's Chair of the Qualification and Registration Committee and Lilian Croucher, Manager of Qualification and Registration present the Chris Ward Memorial Award to Neil Moloney of Globalex Risk Management (Ottawa) Inc. 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 and Lilian Croucher present the Donald W. Lambie Education Award to the candidate that

Left to right: Brian Purcell, Neil Moloney and Lilian Croucher

Presentation of the Annual Chris Ward Memorial Award to Neil Moloney of Globalex Risk Management (Ottawa) Inc.

Left to right: Donald Lambie, Anne Vincent and Lilian Croucher

Presentation of the Annual Donald Lambie Award to Anne Vincent of Grey Power Insurance Brokers Inc.

received the highest mark in the initial RIBO Qualification Examination. He presented the award personally to Anne Vincent of Grey Power Insurance Brokers Inc.

Presentation of the 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, 2010. He requested that a copy of the Annual Report be filed with the Minutes of this meeting. He then requested Claire Cornwall of PricewaterhouseCoopers to read the auditors' report to members.

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

It was **moved** by Don Lambie and **seconded** by Beth Pearson that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2010, including the standing Committee Reports and the Auditors' Report on the Financial Statements. **Motion Carried.**

Appointment of Auditors

It was **moved** by John Gelston and **seconded** by Paul Armstrong 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, Jeff Bear, reported that the candidates in order of finish were: Bob Carter, Norma Hitchlock, Patty Crawford and John Gelston. He further reported that the three successful candidates elected to Council were: Bob Carter, Norma Hitchlock and Patty Crawford.

The Chairperson congratulated and welcomed Norma Hitchlock and Patty Crawford to RIBO Council and congratulated Bob Carter on being re-elected for a second term on RIBO Council.

The Chairperson thanked John Gelston for his contributions over the last 3 years and thanked retiring Council member Paul Armstrong for his contributions over the last 6 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 1:55 p.m., there being no further business, it was **moved** by Rod Finlayson and **seconded** by Jim Bonnay that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. **Motion Carried.**

Registered Insurance Brokers of Ontario

Financial Statements
July 31, 2011

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

September 13, 2011

Independent Auditor's Report

To the Registrants of
Registered Insurance Brokers of Ontario

We have audited the accompanying financial statements of Registered Insurance Brokers of Ontario, which comprise the balance sheet as at July 31, 2011 and the statements of operations, changes in the RIBO Professional Indemnification Fund and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Registered Insurance Brokers of Ontario as at July 31, 2011 and the results of its operations 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, 2011

	2011 $	2010 $
Assets		
Current assets		
Cash (note 2)	4,015,386	4,408,960
Cash in trust (notes 2 and 5)	953,147	943,306
Prepaid expenses and sundry assets (note 2)	210,570	63,960
Property and equipment (note 3)	88,862	85,600
	5,267,965	5,501,826
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 2)	38,625	61,578
Unearned revenue (note 2)	759,013	789,572
	797,638	851,150
Fund Balances		
RIBO Professional Indemnification Fund (note 5)	953,147	943,306
Operating Fund (note 5)	3,517,180	3,707,370
	4,470,327	4,650,676
	5,267,965	5,501,826

Approved by the Board of Directors

_______________ Director

_______________ Director

Registered Insurance Brokers of Ontario

Statement of Operations

For the year ended July 31, 2011

	2011 $	2010 $
External costs of regulation		
Qualification and registration	124,632	138,897
Complaints and disciplinary investigations and hearings	265,304	247,967
Consumer protection expenses	59,940	62,312
	449,876	449,176
External costs of communication		
Bulletins and mailings	13,513	13,142
Election expenses	23,677	22,305
Annual meeting	27,453	22,476
Other communication expenses	51,878	51,292
	116,521	109,215
Administration costs		
Salaries and employee benefits	2,294,175	2,214,829
Rent, property taxes and utilities	362,552	344,848
Office and general	350,829	321,266
Professional fees	20,484	18,000
Committees	133,917	117,261
Computer expenses	111,339	116,191
Amortization	33,732	21,400
	3,307,028	3,153,795
	3,873,425	3,712,186
Funding of operating costs		
Registration and examination fees	3,540,609	3,498,067
Investment and other income	142,626	101,044
	3,683,235	3,599,111
Deficit of revenue over operating costs for the year	(190,190)	(113,075)
Operating Fund - Beginning of year	3,707,370	3,820,445
Operating Fund - End of year	3,517,180	3,707,370

Registered Insurance Brokers of Ontario

Statement of Changes in the RIBO Professional Indemnification Fund

For the year ended July 31, 2011

	2011 $	2010 $
Investment income	9,841	3,481
Fund balance - Beginning of year	943,306	939,825
Fund balance - End of year	953,147	943,306

1 Significant corporate information

Registered Insurance Brokers of Ontario (the Corporation) 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 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 5).

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. Registration fees received in the period relating to periods subsequent to July 31, 2011 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 October 1, 2012 of $196,480 (2009 - $244,590) and fees relating to the last two months of the membership period to October 1, 2011 of $562,533 (2010 - $544,982).

Financial instruments

The Corporation's financial assets and financial liabilities are classified as described below. The classification depends on the purpose for which these financial instruments were acquired or issued, their characteristics and the Corporation's designation of such instruments. Financial assets classified as held-for-trading are measured at fair value. Financial assets classified as held-to-maturity or loans and receivables are measured at amortized cost. Financial liabilities are measured at amortized cost. The Corporation's classifications with respect to financial instruments are as follows:

Cash	held-for-trading
Cash in trust	held-for-trading
Prepaid expenses and sundry assets	loans and receivables
Accounts payable and accrued liabilities	financial liabilities

The Corporation has chosen not to adopt Canadian Institute of Chartered Accountants Handbook Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, in accordance with Section 4400, Not-for-Profit Organizations, as the required disclosures would not provide additional useful information, given the simplicity of the Corporation's financial instruments, which are primarily held in cash.

3 Property and equipment

The Corporation purchased computer equipment in the amount of $36,994 during fiscal 2011, which is amortized on a straight-line basis over its useful life of three years. The Corporation acquired $107,000 in property and equipment related to the development of a new membership system during fiscal 2010. The computer software is amortized on a straight-line basis over its useful life of five years. As at July 31, 2011 and 2010, property and equipment consist of the following:

			2011
	Cost $	Accumulated amortization $	Net $
Computer software	107,000	42,800	64,200
Computer equipment	36,994	12,332	24,662
	143,994	55,132	88,862

			2010
	Cost $	Accumulated amortization $	Net $
Computer software	107,000	21,400	85,600

4 Commitments

The Corporation is committed to make future minimum lease payments of $360,233 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:

	$
2012	146,032
2013	150,072
2014	64,129
	360,233

5 Fund balances

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.

As at July 31, 2011, the Fund comprised cash in trust of $953,147 (2010 - $943,306).

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 an Operating Fund to assist in the ongoing funding of operations.