RIBO

ANNUAL REPORT

2011~2012

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

2011 – 2012 RIBO COUNCIL

Standing (Left to Right):
Sharad Mistry, Brian Purcell, Bob Carter, Jim Hawryluk, Jeff Bear, Doug Grahlman

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

Absent:
Domenic Presta, Danny Craig

JIM HAWRYLUK
President

Report from the President

I am pleased to offer my Report for the 2011/ 2012 year.

The 2011 RIBO Council election was held on November 7. Elected to Council this year were Trish Krawek of Thunder Bay and Danny Craig of Toronto. Re-elected was Doug Grahlman of Owen Sound. RIBO's voter participation rate (about 22% this year) remains impressive, especially when compared to most other self-regulating professions. I would like to thank all of you who participated in this year's election, either by running for Council or by voting.

I began my year as RIBO President discussing concerns about the outsourcing of brokerage record fulfillment and maintenance to third parties, including insurers. I emphasised that we must be prudent when outsourcing any business activity as, ultimately, the brokerage and its Principal Broker are held accountable for any failure in that activity. Under RIBO regulations, a brokerage must have ready access to its records at all times. When one also factors in privacy concerns, the utilization of a third party for any core business activity must be governed by prudence and the ability to effectively fulfil your RIBO and other regulatory obligations.

Initial concerns over Ontario auto reforms have lessened, however, we all need to remember our ongoing obligation to ensure our clients are well advised of the coverage they have under the new AB regime, and that their needs may change over time. Continue reaching out to your clients to ensure as much as possible that you understand their insurance requirements and that they are able to choose coverage that is appropriate for them.

RIBO's "spot check" program was introduced years ago, primarily to help members understand their obligations under the then new Registered Insurance Brokers Act. Over the years, the program has evolved and adapted to changing times. While financial compliance has always been the primary focus, our investigators have also served as a resource to assist members to come to terms with anything from disclosure requirements to Principal Broker supervision and oversight. Member feedback on the program is universally positive and is seen as an opportunity for members, in a one on one fashion, to identify opportunities to refine and improve their brokerage operations.

RIBO's 'risk-based' approach to member regulation helps us identify brokerage risk elements, which in turn factor into the timing of a spot check. These factors may include any discipline record, previous financial concerns identified through filings or spot checks, and the organizational structure of the brokerage. Our investigators have also begun to focus on brokerage supervision practices, particularly where the Principal Broker is not commonly onsite. This could include not only branch offices but also brokerages that, for a variety of reasons, retain the service of an external Principal Broker.

I wish to acknowledge the work of RIBO's Complaints and Discipline Committees, both of which are made up of fellow brokers who volunteer their time to participate. Also serving on these Committees are public members who have been appointed by the provincial government. The public member`s role, as in all self-regulating professions, is to ensure the profession does not act out of self-interest, but in the interest of the citizens of Ontario. The Committee`s broker members, also acting in the public's best interest, are expected to use their expertise and experience as brokers to fulfil the mandates of their respective committees.

Many of the complaints received by RIBO relate to communication issues between the broker and their client. I noted that often times it is not the initial mistake we make that upsets a client. The trouble is compounded by failing to address the problem immediately and honestly. When you reach out to your client, explaining the issue and advising them what steps you can take to try to correct it, clients can be very forgiving…it can also strengthen your relationship. However, when we neglect to communicate with a client, whether relating to premiums that are higher than expected or any other uncomfortable subject, we have seen time and time again that the client is more likely to become upset and make a complaint.

As my term as RIBO President draws to an end, please allow me to express my sincere gratitude to the entire staff of RIBO for their support during this past year, not only of me but the entire Council. I also wish to acknowledge the dedication of our Council, all of whom have been very effective in managing some challenging issues and concerns. We are all here to serve the membership and to protect the residents of Ontario and we aim to do so in a responsive, progressive and transparent fashion. Both Council and staff benefit from the opportunity to meet with brokers and learn how they are conducting their business. This 'hands-on' approach helps inform decisions made by staff AND Council, and ultimately leads to more thoughtful and progressive professional regulation.

JEFF BEAR
Chief Executive Officer

Report from the Chief Executive Officer

I am pleased to offer my Report for the 2011/ 2012 year.

2011 saw the election of Trish Krawec and Danny Craig to Council, as well as the re-election of Doug Grahlman for a second term. Jim Hawryluk was elected President by his colleagues on Council. Other officers of the Corporation for 2011/ 2012 included Bob Carter (Vice-President), Doug Grahlman (Treasurer) and Beth Pearson (Secretary). 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 Members John Baizana and Al Chamney for their 6 years of outstanding contributions to RIBO. Both John and Al acted as RIBO President, and continue to serve on Complaints and Discipline panels, respectively.

Broker registrations have increased significantly over the past several years, and we are now well north of 17,500 individual registrations. Brokerage registrations, at about 1,200, have remained fairly consistent. I am pleased to report that more and more of you are choosing to renew your registrations using our online renewal option, resulting in a more efficient use of our staff's processing time. As we continue to refine the system, I expect that Council will consider whether to make online renewals mandatory within the next couple of years.

The focus of Council's 2012 Strategic Planning session was Principal Brokers who are not physically onsite full-time to supervise individual brokers restricted to acting under supervision. This includes situations where a broker acts as the Principal Broker for multiple firms in the same or in different locations, or branch offices or branch locations of one firm, such as a firm that employs a broker that operates from his or her house. It also includes all other situations where the Principal Broker is not physically present full time at a business location. Flowing from these discussions were principles-based guidelines which are being finalized for introduction in the coming months.

The principles-based approach to regulation that we have implemented favours overarching regulatory principles and standards of conduct rather than a prescriptive list of do's and don'ts. Of course, some regulatory activities, such as operating a trust fund, necessitate quite specific requirements. However, where possible, RIBO aims to establish guidelines that each member can adapt to their own unique circumstances. Small firms may approach a problem differently than a larger firm but the end result should be compliance with the underlying regulatory principles. This is one manifestation of a progressive regulator and I believe it is something the membership can be proud of.

As an active participant in CISRO (Canadian Insurance Services Regulatory Organizations), RIBO works with other insurance intermediary regulators to search for a consistent or harmonized response to common issues. By so doing, we hope to avoid duplication of efforts and to minimize the regulatory burden for industry participants. This year, CISRO has launched its own website which will be the repository of regulatory information of interest to the industry. RIBO staff also participates in CISRO Committees reviewing, among other things, the sharing of regulatory information amongst regulators, the regulation of MGAs, and common licensing standards.

Through discussions with our provincial government, as well as through CISRO, we are continuing to monitor the impact on our industry and the Ontario public of the Agreement on Internal Trade and similar bilateral and multilateral trade agreements.

Both inside and outside of CISRO, we continue to nurture our relationship with other regulatory agencies. In particular, we maintain close contact with the Financial Services Commission of Ontario with an eye to emerging issues, trends and effective solutions relating to matters of common concern.

We have maintained an open dialogue with both the Toronto Insurance Conference and the Insurance Brokers Association of Ontario, with the goal of achieving coordinated responses to industry issues. Both through the associations and on an individual basis, we strive to offer timely guidance to all RIBO members and to be responsive to them when they need assistance.

In closing, I want to acknowledge the comments, suggestions and feedback I have received from members over the past year. 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, e-mail or fax any Council or Staff member with your concerns or suggestions.

BETH PEARSON
Chairperson

Report of the Professional Development Committee

The Registered Insurance Brokers Act and Regulations govern all general insurance brokers in Ontario. It is the responsibility of RIBO's Council, 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 them.

- RIBO received just over **1400** inquiry telephone calls last year, which is approximately the same as the 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.
- **109** 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 **62** active files, meaning investigations or complaints proceedings were already in progress from the previous year.
- **118** files were resolved and closed this year, leaving **53** 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 **9** separate occasions.
- In each case, the broker who is the subject of the complaint is invited to the meetings. Brokers attended **90%** of the time.

- During the Complaints Committee meetings, **3** of the files were closed in the broker's favour, with **28** cases raising issues regarding misconduct, resulting in referral to the Discipline Committee for further review.

- Of the **28** cases that raised issues regarding misconduct, **16** were referred directly to the Discipline Committee for hearings and **9** were offered a resolution on a consent basis. **1** of the cases was 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 **10** days during the year. **5** cases were presented for approval on a consent basis and **16** required hearings.

- Multiple penalties were assigned in many of the cases, which is the reason that the dispositions in the chart below add up to more than the total of the cases presented.

- The random spot-check program this year resulted in **283** spot checks of which only **8** resulted in any kind of formal proceeding. There were **5** spot checks in progress or with follow up at fiscal year end included in the total number of **283** spot checks. This year the goal is to conduct **360** 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	11/12	10/11
Non – Compliance	34	43
Public	59	64
Member Brokers	13	29
Insurers	0	1
Lawyers	1	1
Government & Other Sources	2	1
Total	**109**	**139**

Type	11/12	10/11
Code of Conduct	77	96
Other Misconduct	1	1
Delinquent Filing	0	0
Trust Funds	21	36
Equity Requirements	1	2
Financial Records	9	4
Non-Compliance (other regs.)	0	0
Criminal Allegations	0	0
Total	**109**	**139**

Disposition of Disciplinary Proceedings	11/12	10/11	09/10
Certificate of Registration Revoked	5	10	7
Certificate of Registration Suspended	3	3	3
Certificate of Registration Restricted	1	2	2
Attendance at Education Course Ordered	6	3	2
Additional Financial Reports Ordered	4	9	5
Fines, Payable to Ministry of Finance	3	4	5
Registrant Reprimanded	6	1	1
Dismissed in Broker's Favour	1	3	1

BOB CARTER
Chairperson

Report of the Qualification & Registration Department

It has been my pleasure to serve as Chair of the Qualification and Registration Committee.

The following report will illustrate that both the Committee and the Department have been working hard to determine the 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 following statistical summary details the work of the Committee and department over the last fiscal year (August 1, 2011 – July 31, 2012):

New Brokers – Acting Under Supervision	11/12	10/11
Exams Written (including equivalency exams)	2390	2206
Pass Rate (including equivalency exams)	66%	67%
Pass Rate (full basic-broker exam) for those attending a course	73%	70%
Pass Rate (full basic-broker exam) for those not attending a course	62%	63%

Level II - Removal of Restriction	11/12	10/11
Technical Exams Written	**52**	**32**
Pass Rate	33%	34%
Management Exams Written	**123**	**95**
Pass Rate	61%	57%

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

Committee Decisions	Granted	Refused
Application for Secondary Business Exemption	187	1
Application for Removal of Restrictions	0	0
Other	1	1

The Committee reviewed a total of 190 requests. The majority (188) 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 187 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 one brokerage firm 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 one case where a firm did not meet the suitability of qualification for RIBO due to no qualified Principal Broker.

Of the two refusals, the one case pending from the prior year was withdrawn due to compliance.

Hearing Summary		11/12	10/11	09/10	08/09
Review of Qualification to hold a certificate	Granted	0	1	0	1
	Refused	0	0	0	0
Application for Exemption Secondary Occupation	Granted	0	1	0	0
	Refused	0	2	0	0
Application for Removal of Restriction	Granted	0	0	0	0
	Refused	0	0	1	0
Other	Granted	0	0	0	0
	Refused	0	0	0	0
Total		0	4	1	1

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	11/12	10/11	09/10	08/09
Individual Registrants	17,526	17,111	16,802	16,483
Partnerships & Corporations	1,153	1,163	1,182	1,187
Sole Proprietorships	11	13	16	18
Consultants & Wholesalers	40	37	33	26
Active Businesses	*1,204	*1,213	*1,231	*1,231
Average number of registrants per business	14.56	14.1	13.6	13.4

**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 Douglas Van Helden of Van Helden Agencies 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 is one of RIBO's founding fathers and also acted as the first President.

The Donald W. Lambie Award is presented to the individual with the highest mark in the initial RIBO qualification examination. This year's winner is Joshua Barbosa of Erb and Erb Insurance Brokers Ltd.

Please join us in congratulating the award winners. We look forward to recognizing their achievements at the Annual Meeting on November 8, 2012.

I would like to express my sincere gratitude to my fellow Council members for their support and input over the past year and all the volunteer sub-committee members who willingly gave their time to enhance our profession.

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 to address any issues you may have.

Thank you for the opportunity.

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

RIBO STAFF PHOTO 2011 - 2012

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, Wendy Wu, Vivian Lee, Diana Campoli, Arthur Kosikowski, Angela Daley, Gustavo Blandon, Lise Clements, Laurie Reynolds, Sheron Fraser, Irene Chung, Nadine Austin, Tracy Cullen, Erica Lo, Christopher Thorn, Barbara Dalgleish-Reid, Michael Buck, Lloyd Choong.

Absent:
Debbie Lee, Crystal Skyvington

Minutes of the Thirtieth Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 10th, 2011 at 1:30 p.m. in the Arcadian Room of the Simpson Tower, Toronto, Ontario

Opening of Meeting

The outgoing President, Brian Purcell, introduced members of the Board for 2011 that were in attendance. They were: Hania Amad, John Baizana, Bob Carter, Al Chamney, Patty Crawford, Doug Grahlman, Jim Hawryluk, Norma Hitchlock, Sharad Mistry and Beth Pearson.

The Chairperson, Brian Purcell, 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 Irene Chung, Tracy Cullen and Sheron Fraser 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, 2010 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 Paul Armstrong and **seconded** by Rod Finlayson that the Minutes of the November 4, 2010 Annual Meeting be approved as presented. **Motion Carried**.

President's Report

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

RIBO has reached the 30 year milestone. When RIBO was first established back in 1981 by the Ontario Government to protect the public during transactions with insurance brokers, we were given the privilege of self-governance and we work tirelessly to continue to earn the privilege entrusted to us by the citizens of Ontario.

One of the chief architects of RIBO and our first President is Don Lambie. He remains an inspiration to all of us who have succeeded him. His interest in RIBO and in self-regulation remains keen and we continue to seek his guidance and counsel when difficult issues arise.

Shortly after the 2010 Council elections in which Norma Hitchlock and Patty Crawford were elected and Bob Carter was re-elected for a second term was when my term as President commenced. Now after the 2011 Council election, the first to be held under the recently revised election by-law, my term as President comes to an end. I am pleased to have been part of the discussions that led to this by-law amendment aimed to help ensure that, over time, Council even better reflects a full range of broker experience and expertise as it was initially intended.

Last fall, 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 that their clients understood these changes and responded to them in an informed fashion. I remain convinced that frequent and direct contact with our clients and a well-documented approach to educating them on their insurance options remains the best solution for both our clients and for ourselves.

Whether employing e-mail to reach out to clients or directing them to our website, most of us have incorporated technology into our brokerages. E-mail and the internet are key client communication tools for the majority of us. Internally, 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 on-line quoting capability as a means of competing with direct writers. Regardless of the tools that we may employ to assist in our business, we must always endeavor to service our clients in a professional manner. This obligation is the same, regardless of whether business is conducted on-line or face to face. If we want to remain the best choice for the consumer to purchase their insurance, we need to follow the rules that have the consumer's interest at heart.

RIBO remains focused on the role and responsibilities of principal brokers. Our principal brokers 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 be 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 the brokerages and the internal characterization of their responsibilities are all viewed the same by RIBO and they are all held to the same standards as set out in the Principal Broker Handbook.

In closing, Brian Purcell expressed his gratitude to serve as RIBO's President and looks forward to continuing his term at RIBO as Past President

Presentation of the Chris Ward Memorial Award

The Chairperson requested that Jim Hawryluk, RIBO's Chair of the Qualification and Registration Committee and Lilian Croucher, Manager of Qualification and Registration present the Chris Ward Memorial Award to Jeffrey Bethune of Marleau Bros Limited 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 received the highest mark in the initial RIBO Qualification Examination. He presented the award personally to Michael T. Hergott of Burns and Johnston Insurance & Surety Services Ltd.

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

Left to right: Lilian Croucher, Jeffrey Bethune and Jim Hawryluk.

Presentation of the Annual Chris Ward Memorial Award to Jeffrey Bethune of Marleau Bros Limited

Left to right: Donald Lambie, Michael T. Hergott and Lilian Croucher

Presentation of the Annual Donald Lambie Award to Michael T. Hergott of Burns and Johnston Insurance & Surety Services Ltd.

ended July 31, 2011. 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 Toots Everley that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2011, including the standing Committee Reports and the Auditors' Report on the Financial Statements. **Motion Carried.**

Appointment of Auditors

It was **moved** by Bob Carter and **seconded** by John Gelston 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: Trish Krawec, Daniel Craig, Doug Grahlman and Edward Dwayne Cridland. Jeff further reported that the three successful candidates elected to Council were: Trish Krawec, Daniel Craig and Doug Grahlman.

The Chairperson congratulated and welcomed Trish Krawec and Daniel Craig to RIBO Council and congratulated Doug Grahlman on being re-elected for a second term on RIBO Council.

The Chairperson thanked retiring directors John Baizana and Al Chamney for their 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 2:04 p.m., there being no further business, it was **moved** by Toots Everley and **seconded** by Paul Armstrong that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. **Motion Carried.**

Registered Insurance Brokers of Ontario

Financial Statements
July 31, 2012

pwc

September 12, 2012

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, 2012 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 LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

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, 2012 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, 2012

	2012 $	2011 $
Assets		
Current assets		
Cash (note 2)	4,290,174	4,015,386
Cash in trust (notes 2 and 6)	955,792	953,147
Prepaid expenses and sundry assets (note 2)	235,082	210,570
Intangible assets (note 4)	52,500	64,200
Property and equipment (note 3)	45,431	24,662
	5,578,979	5,267,965
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 2)	23,839	38,625
Unearned revenue (note 2)	1,096,101	759,013
	1,119,940	797,638
Fund Balances		
RIBO Professional Indemnification Fund (note 6)	955,792	953,147
Operating Fund (note 6)	3,503,247	3,517,180
	4,459,039	4,470,327
	5,578,979	5,267,965

Approved by the Board of Directors

_______________ Director _______________ Director

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

Registered Insurance Brokers of Ontario

Statement of Operations

For the year ended July 31, 2012

	2012 $	2011 $
External costs of regulation		
Qualification and registration	124,993	124,632
Complaints and disciplinary investigations and hearings	293,634	265,304
Consumer protection expenses	57,240	59,940
	475,867	449,876
External costs of communication		
Bulletins and mailings	8,500	13,513
Election expenses	27,252	23,677
Annual meeting	19,503	27,453
Other communication expenses	55,179	51,878
	110,434	116,521
Administration costs		
Salaries and employee benefits	2,406,845	2,294,175
Rent, property taxes and utilities	376,137	362,552
Office and general	379,340	350,829
Professional fees	15,552	20,484
Committees	130,134	133,917
Computer expenses	130,260	111,339
Amortization	42,256	33,732
	3,480,524	3,307,028
	4,066,825	3,873,425
Funding of operating costs		
Registration and examination fees	3,908,936	3,540,609
Investment and other income	143,956	142,626
	4,052,892	3,683,235
Deficiency of revenue over operating costs for the year	(13,933)	(190,190)
Operating Fund - Beginning of year	3,517,180	3,707,370
Operating Fund - End of year	3,503,247	3,517,180

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

Registered Insurance Brokers of Ontario

Statement of Changes in the RIBO Professional Indemnification Fund

For the year ended July 31, 2012

	2012 $	2011 $
Investment income	2,645	9,841
Fund balance - Beginning of year	953,147	943,306
Fund balance - End of year	955,792	953,147

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

Registered Insurance Brokers of Ontario

Statement of Cash Flows

For the year ended July 31, 2012

	2012 $	2011 $
Cash provided by (used in)		
Operating activities		
Registration fees collected	3,859,179	3,166,695
Examination fees collected	386,845	343,355
Investment and other income received	143,956	142,626
Cash paid to suppliers and employees	(4,115,192)	(4,046,250)
Increase (decrease) in cash during the year	274,788	(393,574)
Cash - Beginning of year	4,015,386	4,408,960
Cash - End of year	4,290,174	4,015,386

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

1 Significant corporate information and basis of presentation

Registered Insurance Brokers of Ontario (the Corporation or RIBO) was continued as a corporate body without share capital under the Registered Insurance Brokers Act, R.S.O. 1980 (the Act). The Corporation operates as a 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 6).

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

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

The Canadian Accounting Standards Board had approved the incorporation of the standards set out in Part III of The Canadian Institute of Chartered Accountants Handbook as the Accounting Standards for non-profit organizations. These new standards are effective for fiscal years beginning on or after January 1, 2012. The current standards applicable to non-profit organizations will remain in effect until organizations have adopted the new standards.

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, 2012 are deferred and included as unearned revenue on the balance sheet. Unearned revenue consists of fees paid in advance for the 12-month membership period to September 30, 2013 of $455,160 (2011 - $196,480) and fees relating to the last two months of the membership period to September 30, 2012 of $640,941 (2011 - $562,533).

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 The 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 $39,711 during fiscal 2012 (fiscal 2011 - $36,994), which is amortized on a straight-line basis over its useful life of three years. As at July 31, 2012 and July 31, 2011, property and equipment consist of the following:

			2012
	Cost $	Accumulated amortization $	Net $
Computer equipment	76,705	31,274	45,431

			2011
	Cost $	Accumulated amortization $	Net $
Computer equipment	36,994	12,332	24,662

4 Intangible assets

The Corporation acquired an intangible asset in the amount of $11,613 related to the development of a new membership system during fiscal 2012 (fiscal 2011 - $107,000). The new intangible asset acquired is amortized in 2012 on a straight-line basis over its useful life of three years. The remaining intangible asset is amortized on a straight-line basis over its useful life of five years.

			2012
	Cost $	Accumulated amortization $	Net $
Computer software	118,613	66,113	52,500

			2011
	Cost $	Accumulated amortization $	Net $
Computer software	107,000	42,800	64,200

5 Commitments

The Corporation is committed to make future minimum lease payments of $1,029,951 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:

	$
2013	160,043
2014	196,092
2015	219,099
2016	225,185
2017	229,532
	1,029,951

6 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, not recoverable under the brokerage's standard fidelity bond policy, to a maximum of $10,000 per claimant.

As at July 31, 2012, the Fund comprised cash in trust of $955,792 (2011 - $953,147).

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

Operating Fund

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