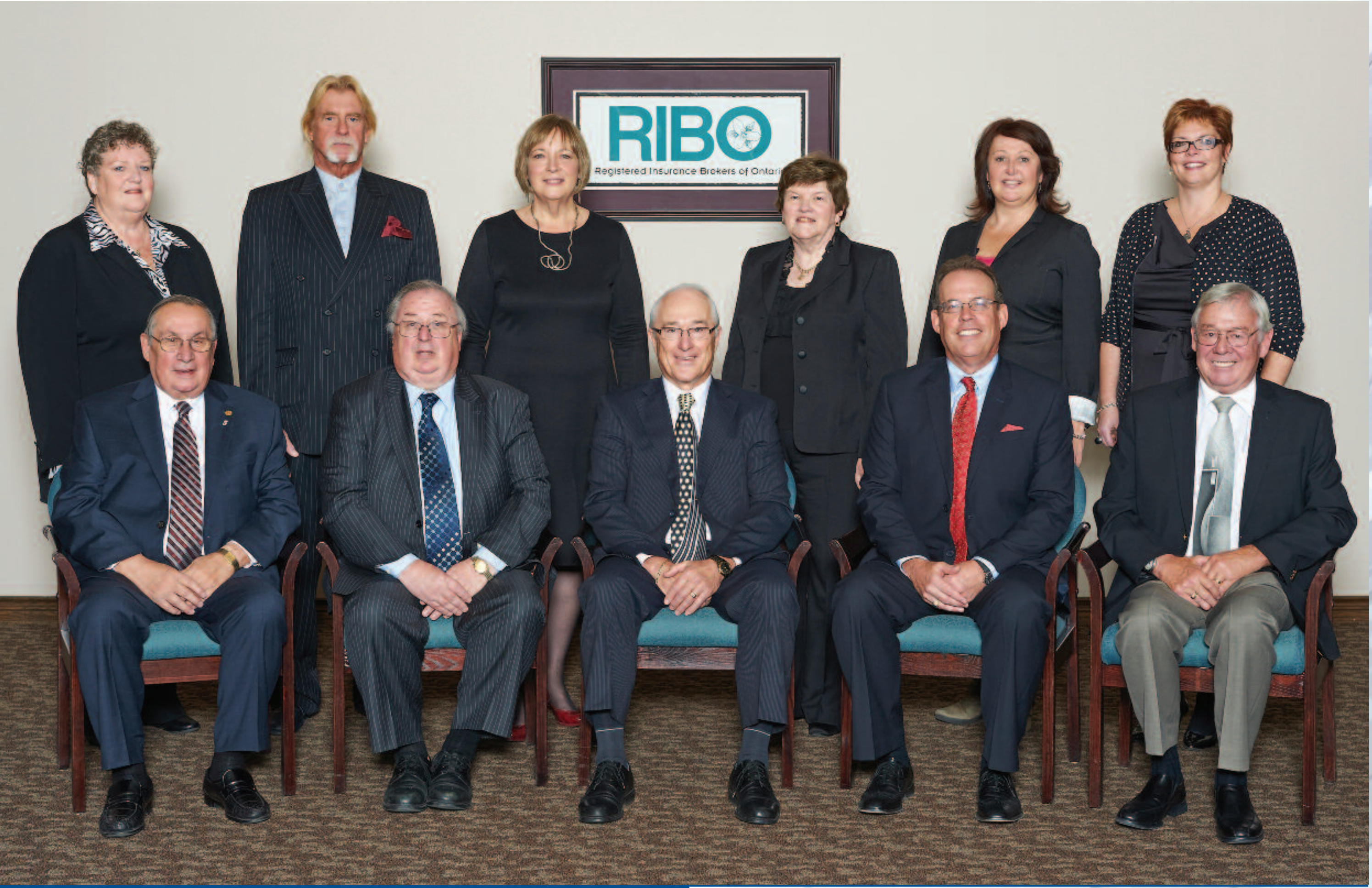
RIBO

ANNUAL REPORT

2013 - 2014

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.

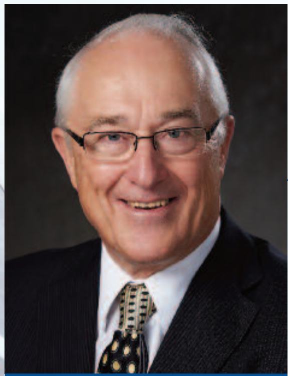


2013 – 2014 RIBO COUNCIL

Standing (Left to Right):
Patty Crawford, Nick Dzudz, Beth Pearson, Norma Hitchlock, Tracy McLean, Trish Krawec

Seated (Left to Right):
Gil Constantini, John Gelston, Doug Grahlman, Jeff Bear, Danny Craig

Absent:
Franklin Lyons



DOUG GRAHLMAN
President

Report from the President

I am pleased to present my Report for 2014.

It was my honour to serve as RIBO President for the past year and to have the opportunity to chair an organization so important to our profession. To have the confidence of Council and to represent RIBO across this province and the country has been a privilege. I encourage you to consider running for Council in the future, as it provides an extraordinary opportunity to participate in the regulation of our profession. I would be happy to chat with anyone considering putting his or her name forward.

Social media is used increasingly by brokers to promote themselves in a crowded market. The RIBO Code of Conduct forms the backbone to our industry Marketing Guidelines. They are designed to promote responsible marketing by brokers. Advertising, regardless of the media chosen, should adhere to the following guidelines:

- *It must be demonstrably true, accurate and verifiable.*
- *It should not be misleading, confusing or deceptive, or likely to mislead, confuse or deceive.*
- *It should be in the best interest of the public and consistent with the integrity of the profession.*

Remember that RIBO Regulations require a broker to carry on business "only" under the RIBO-registered name of the brokerage. As well, remember that the Principal Broker is ultimately accountable for any advertising of the firm(s) or individuals for whom they are responsible. If you have any questions, RIBO staff is always ready to review and discuss any marketing initiative in advance of actual usage. They aim to be sensitive to your timing and usually turn requests around quickly. A little bit of guidance up front can quite possibly save you some money and help avoid any compliance issues down the road.

Brokerages, like any other business, regularly identify and implement policies to make their business more efficient and more profitable. While there is certainly nothing wrong with that in principle, it should not come at the cost of providing our customers with the level of service they are entitled to expect. While we may rely on appropriately trained brokerage staff for some renewal processing and paperwork, brokers must still understand and satisfy the insurance needs of their clients. We must make reasonable efforts to reach out to our clients and ensure our information about them remains current and their coverage remains relevant. Brokerage polices adopted for the sake of efficiency should also require adherence to meaningful customer service standards.

Related to this and with specific reference to auto insurance, brokers have an ongoing obligation to review the optional benefits available with their clients, not only when writing new business but also upon renewal. As a client's circumstances may change through the year, their coverage needs may change as well. Such a review and concurrent file documentation will benefit the client, and ensure that brokers fulfil their responsibility to offer suitable coverage to their clients based upon their specific needs. Also note that the RIBO spot check program seeks to determine if such a review process is in place.

This has been a challenging year weather-wise and one that has seen a significant amount of residential flooding. Torrential

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rainfall in many parts of the province left thousands of basements with water damage. Brokers' and insurers' phones rang off the hook with claims inquiries. For those experiencing water damage, they typically do not distinguish between something that was 'sudden and accidental', or something resulting from cracks or leaks, or something caused by spring run-off…their interest is in having their problems addressed by their insurance professionals. The frequency of incidents and the corresponding increase in claims has led many insurers to amend dramatically the home coverage they offer. This coverage may vary from region to region, depending on numerous factors.

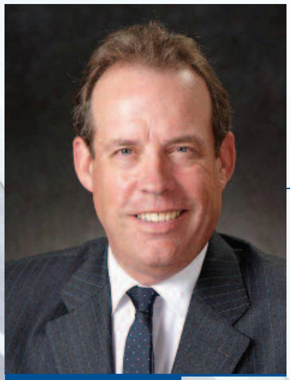
As with auto coverage, the time to educate our clients about what is, and is not, covered in their home policies is at the time we initially write the policy and anytime the coverage is changing. It is imperative that we as brokers understand our client's needs as well as what coverage is available to them. As importantly, we should explain their coverage at the time the policy is being written or renewed and take the time to document our client files, setting out what was discussed. Consider as well taking the opportunity to educate your clients on how best to prepare themselves against water damage.

Taking time with your client and clarifying this or any other insurance matter is a great way to build and develop the relationship. Brokers are being encouraged by IBAO and other industry leaders to reach out to their clients multiple times each year. Both auto insurance and water damage are great topics to start the process. Brochures, websites and social media are excellent vehicles for reaching out to your clients on a variety of insurance-related issues.

Following the Spring election, the provincial government reintroduced legislation aimed at combatting insurance fraud. Consistent with their initial bill, the legislation seeks tighter controls over tow truck operators and health clinics, amongst others, in an effort to reduce the amount of fraud present in the auto insurance sector. The promised auto premium reductions are in large part dependant on reducing instances of fraud in the sector. Brokers can play an important role in fighting fraud through sensitivity to circumstances surrounding a claim. Conditions may suggest something is not quite right, for example, staged accidents. Having a second look where client activity seems to indicate some deceptive purpose may support concerns of the insurer or others investigating the occurrence.

Both FSCO and the IBAO have created excellent materials that seek to educate the public on auto insurance fraud. We encourage brokers to make use of these materials by having them available in your office, on your websites, etc. Further, brokers are encouraged to report good faith concerns about potential fraud to insurance companies, regulators and, where appropriate, the police.

In closing, I wish to thank my fellow Council members and RIBO staff for helping make these past 6 years enjoyable. While I will miss direct participation on RIBO Council, I am confident that both those returning and those commencing a new term will serve with professionalism, dedication and enthusiasm.



JEFF BEAR
Chief Executive Officer

Report from the Chief Executive Officer

I am pleased to offer my Report for the 2013/2014 year.

In the 2013 Council elections, Beth Pearson and Norma Hitchlock received the most ballots in the 'under 20' category (candidates from a brokerage with 19 or fewer registered staff), and both were returned to Council for a second term. John Gelston was acclaimed in the '20 plus' category. Council elected the following as officers of the corporation:

President:	Doug Grahman
Vice-President:	Beth Pearson
Treasurer:	Norma Hitchlock
Secretary:	Patty Crawford

In welcoming our new Council Members, I would also like to thank departing Member Bob Carter for his 6 years of outstanding contribution to RIBO, including a term as RIBO President. His career reflects a strong dedication to the brokers of Ontario, on whose behalf I offer my sincere thanks.

I also want to acknowledge with deep sadness the sudden passing of Danny Craig. Danny had a long and distinguished career as a broker. He served for many years and in a number of capacities, including a term as President of both IBAO and IBAC. He was elected to RIBO Council in 2011 and was an enthusiastic and thoughtful participant. More importantly, Danny was an outstanding gentleman whose ready smile and handshake lit up every room he entered.

Lilian Croucher, RIBO's long-serving Manager of Qualification and Registration, retired at the end of 2013. Both RIBO members and industry stakeholders thanked Lilian for her many years of dedicated service to our profession. Council, the membership and especially RIBO staff, miss her but thankfully, her vast institutional memory is just a phone call or e-mail away.

As expected, Vivian Lee, Lilian's deputy of many years, has done an exemplary job in her new role as Manager, Qualification and Registration. She and her staff continue to provide top tier service.

As of RIBO's year-end, we had 18,252 individual registrations. Brokerage registrations, at 1190, remain largely the same.

Council mandated online registration renewals commencing with the 2014/2015 renewal season. This was optional for the past several years, but it is an option that proved increasingly popular with our membership. We expect significant time savings in the amount of 'hands on' time required for staff to manage the renewal process, not to mention the reduction in paper waste. We aim to make our system user-friendly, and to ensure the membership has available the information necessary to navigate the online process. We will conduct a review of the process once renewals are complete and seek opportunities to refine it for the next year.

Ontario brokers enjoy the privilege of self-regulation. The RIB Act and Regulations, as well as RIBO By-laws and Guidelines, establish a framework for how the profession and its regulator are expected to conduct themselves. Both the Qualification and Registration Committee and the Discipline Committee are administrative tribunals, empowered and required to consider, respectively, licensing matters and allegations of misconduct. They must do so in a matter that is consistent with Rules of Natural Justice as well as administrative fairness. While these concepts may be familiar to lawyers, most administrative tribunal members do not necessarily have this train-

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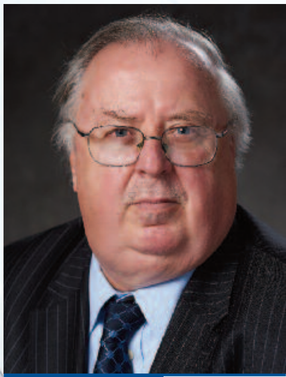
ing when they join. Accordingly, Council's 2014 Strategic Planning session focused on RIBO hearings, and how we could best ensure the process and decision-making is carried out consistent with legal requirements. By so doing, we demonstrate that we take self-regulation very seriously and that we pro-actively take steps to maintain that privilege for the future.

RIBO was pleased to co-chair a joint initiative of the Canadian Insurance Services Regulatory Organization ("CISRO") and the Canadian Council of Insurance Regulators ("CCIR") that saw the creation of a searchable database of insurance disciplinary decisions in Canada. The goal of this database (which went live in December 2013) is to enable regulators, the public, and other industry stakeholders to search a single database to determine if any disciplinary actions have been taken against an existing insurance participant or applicants from another Canadian jurisdiction. Previously, obtaining this information required a search of numerous regulatory databases. Regulatory decisions that were publicly available on individual regulatory websites are now available through the national database. In addition to all new decisions, the database includes published decisions dating back to 2008.

This database is an excellent example of the benefits of our active participation with CISRO, working with other insurance intermediary regulators toward 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.

We continue to nurture our relationship with other regulatory agencies and industry participants. In particular, we meet regularly with the Financial Services Commission of Ontario with an eye to emerging issues, trends and effective solutions relating to matters of common concern. We also maintain an open dialogue with both the Toronto Insurance Conference and the Insurance Brokers Association of Ontario, with the goal of, wherever possible, 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 emphasize that the strength of RIBO is its membership. Thank you for the comments and feedback I have received from you over the past year. It is through this interaction and dialogue that, together, we meet the challenges that lay ahead. We welcome any opportunity to come to speak to you on issues of interest. Please do not hesitate to write, call, e-mail or fax any Council or Staff member with your concerns or suggestions.



JOHN GELSTON
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 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 them.

- RIBO received just over **1200** inquiry telephone calls last year, which is approximately a 15% reduction over the calls from the previous year. The Consumer Complaints Officer attempts to resolve as many of the complaint calls within RIBO's jurisdiction as possible. Of the **1200** consumer inquiry calls, approximately **90%** of the "telephone complaints" were resolved in this manner.
- **105** 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 **50** active files, meaning investigations or complaints proceedings were already in progress from the previous year.
- **103** files were resolved and closed this year, leaving **52** 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 **7** 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, **6** of the files were closed in the broker's favour, with **19** cases raising issues regarding misconduct, resulting in referral to the Discipline Committee for further review.
- Of the **19** cases that raised issues regarding misconduct, **16** were referred directly to the Discipline Committee for hearings and **3** were offered a resolution on a consent basis.
- The Discipline Committee consists of a five-member panel, comprised of four brokers and one public member. These panels held hearings on **7** days during the year. **4** cases were presented for approval on a consent basis and **11** 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 **258** spot checks of which only **2** 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 **258** spot checks. This year the goal is to conduct **300** 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.

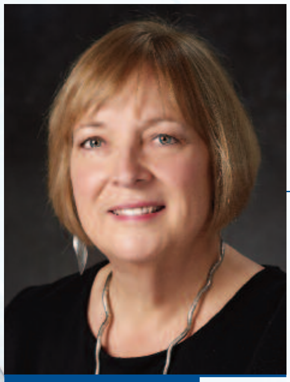
Professional Development Charts

Source and Type of Complaint Files

Source	13/14	12/13
Non – Compliance	45	43
Public	39	28
Member Brokers	18	26
Insurers	1	1
Lawyers	1	1
Government & Other Sources	1	2
Total	**105**	**101**

Type	13/14	12/13
Code of Conduct	62	58
Other Misconduct	0	0
Delinquent Filing	19	7
Trust Funds	19	28
Equity Requirements	1	0
Financial Records	4	8
Non-Compliance (other regs.)	0	0
Criminal Allegations	0	0
Total	**105**	**101**

Disposition of Disciplinary Proceedings	13/14	12/13	11/12
Certificate of Registration Revoked	0	4	5
Certificate of Registration Suspended	6	3	3
Certificate of Registration Restricted	4	2	1
Attendance at Education Course Ordered	2	0	6
Additional Financial Reports Ordered	5	8	4
Fines, Payable to Ministry of Finance	2	2	3
Registrant Reprimanded	3	3	6
Dismissed in Broker's Favour	0	1	1



BETH PEARSON
Chair

Report of the Qualification & Registration Department

I am thankful for the opportunity to serve as Chair of the Qualification and Registration Committee.

The Qualification and Registration Committee meets every month to address current and emerging issues and discuss any influence and potential impact they may have on our regulatory responsibilities and standards.

The following statistical summary details the work of the Committee and department over the last fiscal year (August 1, 2013 – July 31, 2014):

New Brokers – Acting Under Supervision	13/14	12/13
Exams Written (including equivalency exams)	2479	2354
Pass Rate (including equivalency exams)	63%	66%
Pass Rate (full basic-broker exam) for those attending a course	75%	76%
Pass Rate (full basic-broker exam) for those not attending a course	58%	62%

Level II - Removal of Restriction	13/14	12/13
Technical Exams Written	**20**	**30**
Pass Rate	53%	30%
Management Exams Written	**121**	**150**
Pass Rate	58%	67%

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	214	1
Application for Removal of Restrictions	0	0
Other	3	2

The Committee reviewed a total of 220 requests. The majority (215) 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 214 secondary business exemptions. Twenty-four 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 granted one brokerage firm permission to share office space and 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 applications where the individual did not meet the suitability qualifications for RIBO and a brokerage firm did not meet the requirements to share office space.

Of the three refusals, one requested a hearing, one was withdrawn and one is currently pending. Of the two cases pending from the prior year, the Committee confirmed its proposed decision following a hearing.

Hearing Summary		13/14	12/13	11/12	10/11
Review of Qualification to hold a certificate	Granted	0	0	0	1
	Refused	2	0	0	0
Application for Exemption Secondary Occupation	Granted	0	0	0	1
	Refused	0	0	0	2
Application for Removal of Restriction	Granted	0	0	0	0
	Refused	0	0	0	0
Other	Granted	0	1	0	0
	Refused	1	0	0	0
Total		3	1	0	4

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	13/14	12/13	11/12	10/11
Individual Registrants	18,252	17,875	17,526	17,111
Partnerships & Corporations	1,130	1,140	1,153	1,163
Sole Proprietorships	9	10	11	13
Consultants & Wholesalers	51	46	40	37
Active Businesses	*1,190	*1,196	*1,204	*1,213
Average number of registrants per business	15.52	14.95	14.56	14.1

**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 Deborah Moore of Canada Brokerlink (Ontario) Inc.

Donald W. Lambie Award

This award is presented in recognition of Mr. Lambie's commitment to self-regulation and his outstanding contribution to the broker profession. Mr. Lambie 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 recipient is Andrew Young of Philpot & Delgaty Limited.

Please join us in congratulating the award winners. We look forward to recognizing their achievements at the Annual Meeting on November 6, 2014.

I would like to take this opportunity to thank my fellow Council members for their support and input over the past.

In closing I would like to express my thanks to the Qualification and Registration Staff for their dedication and support.

Please feel free to contact staff or committee members at any time. We hope that you will continue to contact us for advice or to address any concerns you may have.

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

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

RIBO STAFF 2013 - 2014

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

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

Absent:
Michael Buck, Crystal Skyvington.

Minutes of the Thirty-Second Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 7th, 2013 at 1:30 p.m. in the Arcadian Room of the Simpson Tower, Toronto, Ontario.

Opening of Meeting

The outgoing President, Bob Carter, introduced members of the Board for 2013 that were in attendance. They were: Gil Constantini, Danny Craig, Patty Crawford, Nick Dzudz, Doug Grahlman, Norma Hitchlock, Trish Krawec, Tracy McLean and Beth Pearson.

The Chairperson, Bob Carter, 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 Tracy Cullen 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 7, 2012 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 Al Chamney and **seconded** by David Yeates that the Minutes of the November 7, 2012 Annual Meeting be approved as presented. **Motion Carried**.

President's Report

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

This year RIBO staff conducted hour-long seminars across the province, aimed primarily at principal brokers. The seminars were designed to help principal brokers better understand RIBO's expectations about their supervisory obligations. The sessions also set out RIBO's interpretation of the overall duty to provide direction and supervision. In addition, some common issues were touched upon, including marketing, client communications, disclosure, dealing with police and dealing with technology. They logged over 2,500 kilometers, not counting the flights to Sault Ste. Marie and Thunder Bay. They also visited 18 communities and presented to well over 1,000 brokers.

The IBAO was very generous in allowing us to add our sessions on to their agenda at their regional meetings. They also allowed non-members of the IBAO to attend. During the seminars, staff included a walkthrough of RIBO's online renewal system for the 2013-2014 renewal season where approximately 65 percent took advantage of this online option. We expect that online process will be mandatory for the 2014-2015 renewal season.

This past year, auto premiums have been in focus at Queen's Park. The increased visibility of "telematics" and their potential in Ontario have been getting a lot of media attention which in turn has the potential to send our clients into our offices eager to find out how their premiums may be impacted. This is a good opportunity to review their existing coverage and to explain to them the various items reflected in their premiums.

RIBO is an inaugural participant in an important joint initiative of the Canadian Insurance Services Regulatory Organization and the Canadian Council of Insurance Regulators. This initiative will create a searchable database of insurance disciplinary decisions in Canada. Regulators, the public and other industry stakeholders will be able to search a single database to determine if disciplinary actions have been taken against an insurance participant or applicant from another Canadian jurisdiction. This information has the potential to lead to more effective regulation and decision making. Currently, obtaining this information requires a search of numerous regulatory databases. Regulatory decisions currently available publicly and on individual regulatory websites will be made available to the national database.

In closing, Bob Carter expressed his gratitude to serve as RIBO's President and thanked his fellow council members and RIBO staff for all their support and encouragement.

Presentation of the Chris Ward Memorial Award

The Chairperson requested that Doug Grahlman, RIBO's Chair of the Qualification and Registration Committee and Lilian Croucher, Manager of Qualification and Registration present the Chris Ward Memorial Award to Adam Shier of Hudson-Henderson Insurance Brokers 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 Don Lambie and Lilian Croucher to present the Donald W. Lambie Education Award to Spencer Yule of Lackner McLennan Insurance Ltd. for receiving the highest mark in the initial RIBO Qualification Examination.

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, 2013. He requested that a copy of the Annual Report be filed with the Minutes of this meeting. In the absence of Claire Cornwall of PricewaterhouseCoopers, he asked Beth Pearson, RIBO's Secretary, 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 Paul Armstrong that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2013, including the standing Committee Reports and the Auditors' Report on the Financial Statements. **Motion Carried.**

Appointment of Auditors

It was **moved** by Beth Pearson 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 this year there was a poll in the under 20 broker category with three nominations for two positions. The nominees were Patty Crawford, Norma Hitchlock and Glenn Woolfrey. The two candidates elected to Council are Patty Crawford (incumbent) and Norma Hitchlock (incumbent).

In the over 20 broker category there was one nominee at the close of nominations, John Gelston, so by acclamation, John Gelston was elected in that category.

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

The Chairperson then thanked Lilian Croucher for her dedication to RIBO for 23 years as Qualification and Registration Manager.

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 1:56 p.m., there being no further business, it was **moved** by David Yeates 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, 2014 and July 31, 2013

September 10, 2014

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 (RIBO), which comprise the balance sheets as at July 31, 2014 and July 31, 2013 and the statements of operations, changes in the RIBO Professional Indemnification Fund and cash flows for the years 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 standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and July 31, 2013 and the results of its operations, changes in the Professional Indemnification Fund and its cash flows for the years then ended in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Registered Insurance Brokers of Ontario

Balance Sheets

As at July 31, 2014 and July 31, 2013

	2014 $	2013 $
Assets		
Current assets		
Cash (note 2)	5,544,840	5,197,247
Cash in trust (notes 2 and 7)	955,792	955,792
Prepaid expenses and sundry assets (note 2)	210,522	43,966
	6,711,154	6,197,005
Intangible assets (note 4)	1,940	27,220
Property and equipment (note 3)	6,620	19,860
	6,719,714	6,244,085
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 2)	94,108	18,499
Unearned revenue (note 2)	1,967,352	1,583,565
	2,061,460	1,602,064
Fund Balances		
RIBO Professional Indemnification Fund (note 7)	955,792	955,792
Operating Fund (note 7)	3,702,462	3,686,229
	4,658,254	4,642,021
	6,719,714	6,244,085

Approved by the Board of Directors

Director

Director

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

Registered Insurance Brokers of Ontario

Statements of Operations

For the years ended July 31, 2014 and July 31, 2013

	2014 $	2013 $
External costs of regulation		
Qualification and registration	135,623	123,489
Complaints and disciplinary investigations and hearings	206,935	204,741
Consumer protection expenses	57,127	57,127
	399,685	385,357
External costs of communication		
Bulletins and mailings	8,500	8,600
Election expenses	17,492	-
Annual meeting	35,060	40,602
Other communication expenses	69,335	49,196
	130,387	98,398
Administration costs		
Salaries and employee benefits	2,607,202	2,518,895
Rent, property taxes and utilities	423,391	329,038
Office and general	348,843	334,268
Professional fees	16,279	14,831
Committees	91,827	140,384
Computer expenses	116,620	110,098
Amortization	38,520	50,851
	3,642,682	3,498,365
	4,172,754	3,982,120
Funding of operating costs		
Registration and examination fees	4,041,303	4,014,084
Investment and other income	147,684	151,018
	4,188,987	4,165,102
Excess of revenue over operating costs for the year	16,233	182,982
Operating Fund - Beginning of year	3,686,229	3,503,247
Operating Fund - End of year	3,702,462	3,686,229

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

Registered Insurance Brokers of Ontario

Statements of Changes in the RIBO Professional Indemnification Fund

For the years ended July 31, 2014 and July 31, 2013

	2014 $	2013 $
Fund balance - Beginning of year	955,792	955,792
Fund balance - End of year	955,792	955,792

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

Registered Insurance Brokers of Ontario

Statements of Cash Flows

For the years ended July 31, 2014 and July 31, 2013

	2014 $	2013 $
Cash provided by (used in)		
Operating activities		
Registration fees collected	4,041,475	4,135,488
Examination fees collected	383,615	366,060
Investment and other income received	147,684	151,018
Cash paid to suppliers and employees	(4,225,181)	(3,745,493)
Increase in cash during the year	347,593	907,073
Cash - Beginning of year	5,197,247	4,290,174
Cash - End of year	5,544,840	5,197,247

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

1 Significant corporate information

Registered Insurance Brokers of Ontario (the Corporation or RIBO) was continued as a corporate body without share capital under the Registered Insurance Brokers Act, R.S.O. 1980 (the Act). The Corporation operates as a 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 stop loss insurance policy to anticipate any requirement to finance investigation and trusteeship cost that may increase significantly in excess of the policy deductible in any year.

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

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

Registration 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, 2014 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, 2015 of $1,324,360 (2013 - $952,080) and fees relating to the last two months of the membership period to September 30, 2014 of $642,992 (2013 - $631,485).

Property and equipment and intangible assets

Property and equipment and intangibles are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful life as follows:

Computer equipment	3 years
Computer software	3 - 5 years

Financial assets and liabilities

The Corporation initially measures its financial assets and financial liabilities at fair value and subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations. Financial assets, at amortized cost, are tested for impairment at the end of each reporting period where there are indicators that the asset may be impaired.

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

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

It is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The estimates are reviewed periodically and as adjustments become necessary they are reported in the year in which they become known. Actual results could differ from those estimates.

3 Property and equipment

The Corporation did not purchase computer equipment during 2014 and 2013. The computer equipment acquired in 2012 is amortized on a straight-line basis over its useful life of three years. As at July 31, 2014 and July 31, 2013, property and equipment consist of the following:

			2014
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Computer equipment	76,705	70,085	6,620

			2013
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Computer equipment	76,705	56,845	19,860

4 Intangible assets

The Corporation did not acquire intangible assets during 2014 and 2013. The intangible asset acquired in 2012 is amortized 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.

			2014
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Computer software	118,613	116,673	1,940

			2013
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Computer software	118,613	91,393	27,220

5 Financial risk management

The Corporation is exposed to liquidity risk and has adopted an integrated risk management framework. The Framework provides a consistent methodology to manage risks.

Liquidity risk

Liquidity risk results from the Corporation's potential inability to meet its obligations associated with the financial liabilities as they come due. The Corporation manages its liquidity risk by forecasting cash flows from operations to ensure it has sufficient available funds to meet current and foreseeable financial requirements. The Corporation's exposure to liquidity risk relates to the amount of accounts payable and accrued liabilities.

6 Commitments

The Corporation is committed to make future minimum lease payments of $2,279,331 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:

	$
2015	236,994
2016	243,080
2017	247,427
2018	235,497
2019	235,618
Thereafter	1,080,715
	2,279,331

7 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, 2014, the Fund comprised cash in trust of $955,792 (2013 - $955,792).

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.