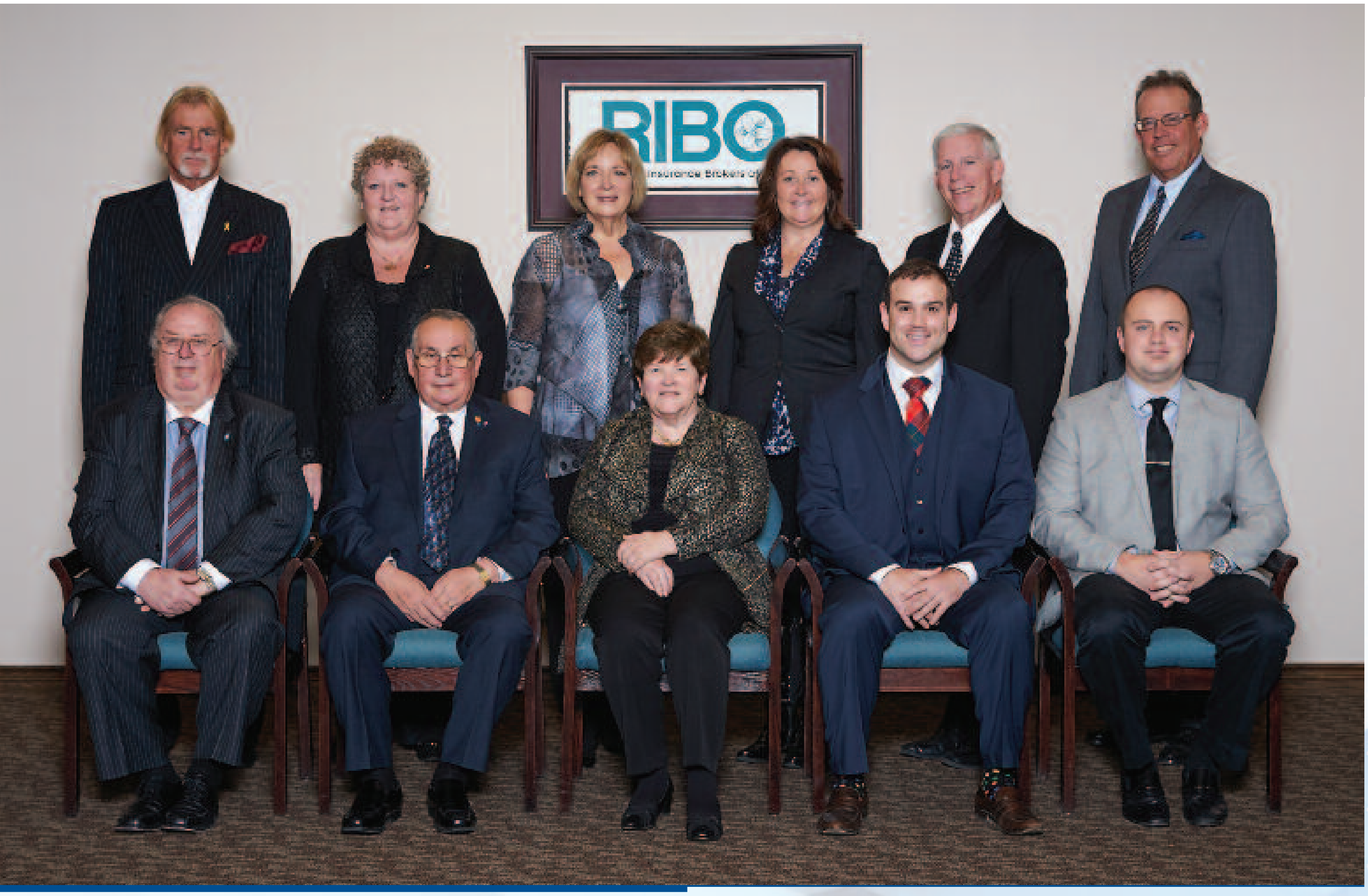
RIBO

ANNUAL 2014 | 2015 REPORT

"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."

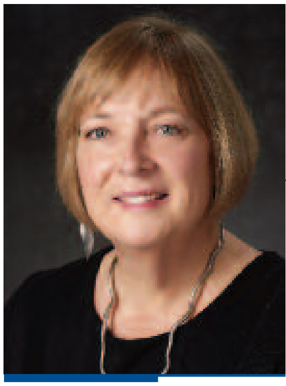


2014 – 2015 RIBO COUNCIL

Standing (Left to Right):
Nick Dzudz, Patty Crawford, Beth Pearson, Tracy McLean, Jack Lee, Jeff Bear

Seated (Left to Right):
John Gelston, Gil Constantini, Norma Hitchlock, Franklin Lyons, Rex Harrison Jr.

Absent:
Scott Bell



BETH PEARSON
President

Report from the President

I am pleased to present my Report for 2015.

It was an honour to have the confidence of RIBO Council by serving as your President for the 2014/2015 term. I can think of no better way of starting this Report than by acknowledging the hard work and dedication of RIBO Council. There is no better or more satisfying way of giving back to our profession than by participating directly in its governance. I am particularly happy to have had the opportunity to meet so many of the members in different parts of our province. The ability to discuss issues of concern 'face-to-face' is invaluable and I am confident that ours remains a customer-focused and thoughtful profession.

As many of you may know, I previously served with the Insurance Brokers Association of Ontario, both on the Executive Committee and as President. Both the IBAO and the Toronto Insurance Conference excel at advocacy on behalf of our profession as well as creating opportunities for professional development. In that context, it is important to contrast RIBO's function, which is that of industry regulator, or more accurately, 'self-regulator'. To fulfil its mandate, RIBO carries out numerous activities, including for example:

- *setting exams*
- *registering brokers*
- *establishing and monitoring trust fund requirements*
- *receiving and investigating complaints from the public.*

RIBO aims to fulfil its public protection mandate in a thoughtful and progressive manner… fairness and responsiveness are key touchstones. It is important to remember that RIBO Council consists of both elected brokers and public appointees from the provincial government, working together to regulate the profession in the best interest of the public. While their deliberations, decisions and direction are informed by years of experience, broker self-interest simply has no place at the table. It is never the goal of RIBO to be burdensome or bureaucratic. That said, our status as a self-regulating profession necessitates that we carry out our activities with a steady eye on maintaining and enhancing public trust in our profession.

There have been numerous media reports this year about data breaches where personal information is compromised in some fashion. While this can occur through sophisticated hacking, more frequently the breach occurs through the loss or theft of a smart phone or laptop computer. Brokers are required to collect a significant amount of personal information from our clients and employees. We are also required to safeguard that information and only use it in accordance with the purposes for which we collect it. The obligation to safeguard information existed in our Code of Conduct long before Canada introduced privacy legislation, but the impact of PIPEDA and similar statutes heighten our obligations and encourage a more formal process for the collection/ use/ sharing and destruction of personal information.

It is a good time for all of us to review our data protection efforts and to make sure they are up to date. Similarly, ensure that the policies and procedures reflect what is happening in our shops, with a keen eye on protecting the personal information in our possession. IT Tools such as data encryption can go a long way toward helping protect your data. It is also important that we raise awareness of data protection amongst our staff through,

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for example, training sessions on office policies and procedures. Data may be particularly vulnerable when it is mobile, or accessed outside the protected office environment (home offices, coffee shops, etc).

In the Spring of this year 'overland' water coverage was at the forefront of discussions between markets, brokers and regulators. In property insurance, as with auto, Ontario consumers are increasingly presented with a range of options that enable them to select product features they want. Consumers rely on us to explain optional coverage so that they can make an informed decision. This undoubtedly places a significant burden on us as we aim to stay abreast of new products and determine which clients might benefit from them.

As brokers, we discuss with our clients their insurance needs, and we recommend products that meet those needs. As those needs change (marriage, children, illness, relocation, etc.), we recommend adjustments to their insurance coverage accordingly. The client may or may not choose to accept our recommendations, but that is their choice to make. We document our files to accurately reflect the discussions we have, including the recommendations made and why, as well as the instructions received.

Similarly, where an insurer offers a new product that would be of benefit to our clients, we determine an efficient and effective way of letting our clients know it is available. After we explain the benefits and costs, it is the client's choice whether they wish to purchase the coverage. Once again, we document our files accordingly.

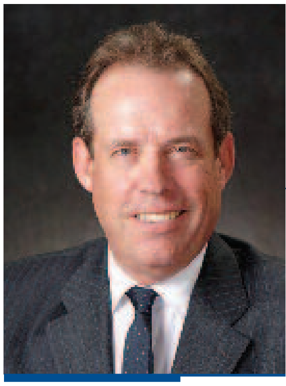
It is the client who must decide what products they wish to purchase. A broker can (and should) recommend appropriate products but may not place any coverage without instructions from the client. Properly documented files must reflect your recommendations and the client's decisions. In any future dispute as to what was or was not recommended/accepted, your brokerage practices, including file documentation, will be of tremendous value.

A key architect of RIBO, and a man whose personal qualities and razor-sharp intellect have shaped our self-regulatory activities, is our Chief Executive Officer Jeff Bear. Jeff has served the membership of RIBO for almost 32 of its 34 years. Serving initially as Legal Counsel, Jeff succeeded Ronald Cooper as CEO in 1995. He leads a strong and dedicated staff, instilling in them a customer service ethic that treats the public and brokers with respect and sensitivity. He carefully oversees RIBO's finances, aiming to spend the member's money wisely and with a view to future efficiencies. For brokers seeking guidance and direction, his door is always open. He offers that same guidance and direction to RIBO Council, ably supporting us and serving as an invaluable resource.

Jeff has decided to step aside at the end of 2015. While all of us are sorry to see him leave, he has surely earned his retirement and we are grateful to have benefited from his leadership for so long. By way of succession, Council announced the appointment of Patrick Ballantyne to succeed Jeff as RIBO General Manager and CEO. Patrick has been RIBO General Counsel since 2005. He served as Jeff's deputy on policy and administrative matters in addition to managing the Complaints and Discipline Committee processes. Prior to RIBO, Patrick was a regulatory compliance professional with both KPMG and PWC. He served in senior policy positions with The Toronto Stock Exchange and the Investment Funds Institute of Canada.

On the same note, I am happy to announce that John Goldsmith, RIBO's long-serving external lawyer has agreed to join us as our new General Counsel effective January 1st, 2016. In addition to the excellent work he has done for RIBO, John has acted for a number of private and public corporations, municipal corporations and Boards of Education.

Please join me in saying so long to Jeff, congrats to Patrick, and welcoming John.



JEFF BEAR
Chief Executive Officer

Report from the Chief Executive Officer

I am pleased to offer my Report for the 2014/2015 year.

In the 2014 Council elections, Jack Lee (`over 20' brokers category) as well as Scott Bell and Rex Harrison Jr. (`under 20' brokers) received the most votes and were duly elected. Beth Pearson was elected President by her colleagues on Council. Other officers of the Corporation for 2014/2015 included Norma Hitchlock (Vice-President), Tracy McLean (Treasurer) and Patty Crawford (Secretary). In July, the Government of Ontario appointed three new public members: Diane Scott, Rob Walters and Marriette Matos. Franklin Lyons, who has enthusiastically served as a public member since July 2012, stepped aside as his term came to an end. On behalf of Council, staff and all the brokers of Ontario, I wish to thank him for his dedicated service to our profession.

In welcoming our new Council Members, I would also like to acknowledge departing Members Doug Grahlman and Trish Krawec for their years of outstanding service to RIBO. Trish, who is from Thunder Bay, was a welcome addition to our Council, having been very active in her local Association. Doug, from the Owen Sound area, was a strong presence with the IBAO Executive for a number of years and rose to RIBO President in his two terms on our Council. RIBO staff and I are grateful for their expertise and contribution over the years.

Broker registrations have continued to increase and now exceed 18,000. Brokerage registrations, at about 1200, remain fairly consistent. The online registration renewal portal has enabled RIBO staff to better manage the renewal process and we continue to look for ways to refine the interface and improve the experience for all users.

In April, Council engaged in a busy, multi-faceted Strategic Planning session. Reviews were conducted of our Professional Indemnification Fund and RIBO Employed Broker Protection Plan. The former helps make consumers whole in the event of a loss of premium money arising from the acts of a broker. The latter helps protect brokers who may no longer be covered by a former brokerage employer's E&O policy, and who face allegations of negligence that occurred while employed by that broker. RIBO's investment policy was also reviewed and brought up to date, bringing it into line with the investment parameters that brokers themselves have under our Regulations. Similarly, refinements and additions were made to the Principal Broker Handbook, providing additional guidance on, for example, relevant federal legislation (eg. anti-terrorism, anti-money laundering, anti-spam), fraud prevention, and water damage education. A "Data Incident" protocol was also discussed and added to RIBO's Disaster Planning and Recovery document.

RIBO remains actively engaged with extra-provincial regulators through CISRO (Canadian Insurance Services Regulatory Organizations). A key goal of this organization is to avoid duplication of efforts and minimize the regulatory burden for industry participants.

Both inside and outside of CISRO, our strong relationship with other regulatory agencies, especially the Financial Services Commission of Ontario, enable us to identify emerging issues on a timely basis, and to seek effective solutions relating to matters of common concern.

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We maintain an open dialogue with industry trade associations 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, and after almost 12 years as RIBO General Legal Counsel and 20 more as General Manager and CEO, I am retiring effective December 31, 2015, a few months shy of my 65th birthday. Simply put, it's time. I know you'll all join me in congratulating Patrick Ballantyne, our current General Counsel, on being chosen to succeed me, effective January 1, 2016. I know Patrick is the perfect choice and accordingly, I'm expecting a seamless transition especially since I trust you will all show him the same support you have shown me during my tenure.

I am at once grateful for and humbled by the quality of the brokers and public members who have served on RIBO Council over the years. Save one who resigned before I arrived in early 1984, I have been lucky enough to have served together with every Council member since RIBO was given the "public trust" by the Government in October, 1981. Both RIBO and I have been the beneficiaries of their guidance and forward thinking and their understanding that self-regulation is a privilege that must be earned every day, in service of the public interest.

All in all, the evolution of RIBO has been a stunning achievement. All that remains is to thank you all from the bottom of my heart.

To Patrick Ballantyne and the rest of RIBO's excellent staff – I mimic the immortal words inscribed on the wall in the dressing room of the Montreal Canadiens…"From failing hands I pass the torch. Be yours to hold it high".

To all of the insurance brokers in Ontario – It has been my honour to have served you, and on your behalf, the public of Ontario for every day of the last 32 years.

Thank you all.

GIL CONSTANTINI
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 **1143** inquiry telephone calls last year, which is approximately a 5% 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 **1143** consumer inquiry calls, approximately **90%** of the "telephone complaints" were resolved in this manner.
- **98** 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 **52** active files, meaning investigations or complaints proceedings were already in progress from the previous year.
- **105** files were resolved and closed this year, leaving **45** 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 **5** 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, **5** 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, **9** were referred directly to the Discipline Committee for hearings and **10** 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 **9** days during the year. **10** cases were presented for approval on a consent basis and **14** required hearings.
- The above number of cases include cases carried over from the previous year.
- 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 **317** spot checks of which only **7** resulted in any kind of formal proceeding. There were **11** spot checks in progress or with follow up at fiscal year end included in the total number of **317** 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.

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

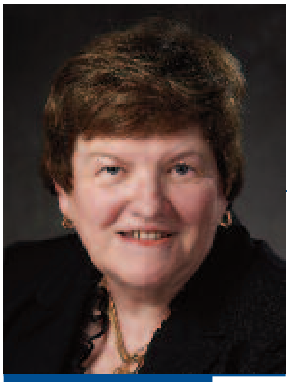
Professional Development Charts

Source and Type of Complaint Files

Source	14/15	13/14
Non – Compliance	41	45
Public	39	39
Member Brokers	16	18
Insurers	1	1
Lawyers	1	1
Government & Other Sources	0	1
Total	**98**	**105**

Type	14/15	13/14
Code of Conduct	58	62
Other Misconduct	0	0
Delinquent Filing	8	19
Trust Funds	23	19
Equity Requirements	4	1
Financial Records	5	4
Non-Compliance (other regs.)	0	0
Criminal Allegations	0	0
Total	**98**	**105**

Disposition of Disciplinary Proceedings	14/15	13/14	12/13
Certificate of Registration Revoked	1	0	4
Certificate of Registration Suspended	7	6	3
Certificate of Registration Restricted	0	4	2
Attendance at Education Course Ordered	2	2	0
Additional Financial Reports Ordered	11	5	8
Fines, Payable to Ministry of Finance	2	2	2
Registrant Reprimanded	5	3	3
Dismissed in Broker's Favour	0	0	1



NORMA HITCHLOCK
Chair

Report of the Qualification & Registration Department

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

Our industry continues to be challenged with many issues. In order to ensure that we fulfill our regulatory responsibilities, the Qualification and Registration Committee meets on a monthly basis to address current and emerging issues. Industry changes are monitored and our educational and professional requirements are reviewed and updated ensuring that brokers maintain a high standard of professional competence and public protection.

The following statistical summary details the work of the Committee and department over the last fiscal year (August 1, 2014 – July 31, 2015):

New Brokers – Acting Under Supervision	14/15	13/14
Exams Written (including equivalency exams)	2725	2479
Pass Rate (including equivalency exams)	62%	63%
Pass Rate (full basic-broker exam) for those attending a course	72%	75%
Pass Rate (full basic-broker exam) for those not attending a course	56%	58%

Level II - Removal of Restriction	14/15	13/14
Technical Exams Written	**18**	**20**
Pass Rate	33%	53%
Management Exams Written	**96**	**121**
Pass Rate	58%	58%

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	218	1
Application for Removal of Restrictions	0	0
Other	9	3

The Committee reviewed a total of 231 requests. The majority (219) 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 218 secondary business exemptions. Twenty-one 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 three brokerage firms permission to share office space and recommended that Council grant permission to six 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 three applications where the individuals did not meet the examination and/or suitability qualifications for RIBO.

Of the four refusals, three of the requests were withdrawn and one is currently pending. Of the one case pending from the prior year, the Committee granted the request with conditions following the receipt of additional information.

Hearing Summary		14/15	13/14	12/13	11/12
Review of Qualification to hold a certificate	Granted	0	0	0	0
	Refused	0	2	0	0
Application for Exemption Secondary Occupation	Granted	1	0	0	0
	Refused	0	0	0	0
Application for Removal of Restriction	Granted	0	0	0	0
	Refused	0	0	0	0
Other	Granted	1	0	1	0
	Refused	0	1	0	0
Total		2	3	1	0

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	14/15	13/14	12/13	11/12
Individual Registrants	18,389	18,252	17,875	17,526
Corporations	1,090	1,109	1,118	1,129
Partnerships	18	21	22	24
Sole Proprietorships	8	9	10	11
Consultants	8	9	8	8
MGA/Wholesalers	48	42	38	32
Active Businesses	*1,172	*1,190	*1,196	*1,204
Average number of registrants per business	15.69	15.52	14.95	14.56

**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 Unrestricted Management or Technical examination. I am pleased to announce that this year's recipient is J. Daniel Desbiens of Advanced Insurance Brokers 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, there are three recipients of the award and they are Marco De Bruyn of H.L. Staebler Company Limited, Stephen Green of Stewart Morrison Insurance Brokers Ltd. and Paul Somers of Bickerton Brokers Ont Ltd.

Please join us in congratulating the award winners. We look forward to recognizing their achievements at the Annual Meeting on November 6, 2015.

I would also like to take this opportunity to thank my fellow Council members for their support and contribution.

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

Please feel free to contact staff or committee members at any time and 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 2014 - 2015

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):
Valrie Bailey, Barbara Dalgleish-Reid , Erica Lo, Tracy Cullen, Irene Chung, Christopher Thorn, Lise Clements, Laurie Reynolds, Debbie Lee, Angela Daley, Lloyd Choong, Wendy Wu, Sheron Fraser, Diana Campoli, Gustavo Blandon, Arthur Kosikowski, Crystal Skyvington, Michael Buck.

Absent:
Nadine Austin

Minutes of the Thirty-Third Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 6th, 2014 at 1:30 p.m. in the Arcadian Loft of the Simpson Tower, Toronto, Ontario.

Opening of Meeting

The outgoing President, Doug Grahlman, introduced members of the Board for 2014 that were in attendance. They were: Gil Constantini, Patty Crawford, Nick Dzudz, John Gelston, Norma Hitchlock, Franklin Lyons, Tracy McLean and Beth Pearson.

The Chairperson, Doug Grahlman, then asked for a moment of silence for Danny Craig, a member of Council we lost this year.

The Chairperson then introduced Jeff Bear, Chief Executive Officer of RIBO, Patrick Ballantyne, General Counsel, Winston Koo, Manager of Administration and Finance, Vivian Lee, Manager of Qualification and Registration, Tim Goff, Manager of Complaints and Investigation He then acknowledged all 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 Sheron Fraser, Laurie Reynolds and Christopher Thorn to act as scrutineers of the meeting. As there were no objections, these individuals were so appointed.

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

Notice of Meeting

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

Constitution of Meeting

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

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

Question Period Procedures

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

Minutes of the November 7, 2013 Annual General Meeting:

The Chairperson inquired if there were any objections to the dispensing of the reading of the Minutes. There were no objections raised.

It was **moved** by Jim Hawryluk and **seconded** by John Gelston that the Minutes of the November 7, 2013 Annual Meeting be approved as presented. **Motion Carried**.

President's Report

Doug Grahlman thanked his fellow Council members and expressed his pleasure to have served as RIBO's President over the past year. His report included the following comments.

Following the spring election, the Provincial Government introduced legislation aimed at combatting insurance fraud. 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 dependent on reducing instances of fraud. Brokers can play an important role in fighting fraud through developing sensitivities to circumstances surrounding a claim. Both FSCO and the IBAO have created excellent materials that seek to educate the public. I encourage brokers to use these materials and make them available for their clients. Further, brokers are encouraged to report good faith concerns about potential claims to insurance companies, regulators and, where appropriate, the police.

This has been a challenging year weatherwise and one that has seen a significant amount of residential flooding. Torrential rainfall in many parts of the province left thousands of basements with water damage. Phones rang off the hook with claims inquiries. For those experiencing water damage, their interest is in having their problems addressed by an insurance professional. Further, the frequency of incidents and the corresponding increase in claims has led many insurers to drastically and dramatically change the home insurance coverage they offer. The result, I believe, has been an opportunity for brokers.

The time to educate our clients about what is and what is not covered in their insurance policy is when we initially write up the policy and any time the coverage is changing. It is imperative that we as brokers understand our clients' 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 has been discussed.

With specific reference to auto insurance, brokers have an ongoing obligation to review the optional benefits with their clients, not only when writing new business but also upon renewal. As a client's circumstances change their coverage may need changes as well. Such a review benefits the client and helps ensure that brokers offer suitable coverage to their clients based on specific needs.

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

In closing, Doug Grahlman thanked his fellow Council members and RIBO staff for making the past 6 years enjoyable. He is confident that both those returning and those commencing a new term will serve with professionalism, dedication and enthusiasm.

Presentation of the Chris Ward Memorial Award

The Chairperson requested that Beth Pearson, RIBO's Chair of the Qualification and Registration Committee present the Chris Ward Memorial Award to Deborah Moore of Canada Brokerlink (Ontario) Inc., for receiving the highest mark on the first attempt of the Level II Examination.

Presentation of the Donald W. Lambie Education Award

The Chairperson requested that Beth Pearson present the Donald W. Lambie Education Award to Andrew Young of Philpott & Delgaty, 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, 2014. He requested that a copy of the Annual Report be filed with the Minutes of this meeting.

The Chairperson then requested that Crystal Liu of PricewaterhouseCoopers 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 Tracy McLean and **seconded** by Jim Bonnay that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2014, including the standing Committee Reports and the Auditors' Report on the Financial Statements. **Motion Carried.**

Appointment of Auditors

It was **moved** Norma Hitchlock 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 were nine candidates running for election.

In the under 20 broker category there were four candidates. The nominees were Scott Bell, Rex Harrison Jr., George Longo and Glenn Woolfrey. The two candidates elected to Council in this category are Scott Bell and Rex Harrison Jr.

In the over 20 broker category there were five candidates. The nominees were, Jack Lee, Joe Carnevale, Ryan Stirling, Doug Brown and Ashar Warsi. Jack Lee was elected to Council in this category.

The Chairperson congratulated and welcomed Scott Bell, Rex Harrison Jr. and Jack Lee to RIBO Council.

The Chairperson then thanked Trish Krawec for her contribution to RIBO Council over the past three 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 2:01 p.m., there being no further business, it was **moved** 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, 2015 and 2014

September 15, 2015

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, 2015 and 2014 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 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RIBO as at July 31, 2015 and 2014 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 accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Registered Insurance Brokers of Ontario

Balance Sheets

As at July 31, 2015 and 2014

	2015 $	2014 $
Assets		
Current assets		
Cash (note 2)	6,070,582	5,544,840
Cash in trust (notes 2 and 7)	955,792	955,792
Prepaid expenses and sundry assets (note 2)	215,158	210,522
	7,241,532	6,711,154
Intangible assets (note 4)	-	1,940
Property and equipment (note 3)	-	6,620
	7,241,532	6,719,714
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 2)	26,445	94,108
Unearned revenue (note 2)	2,397,791	1,967,352
	2,424,236	2,061,460
Fund Balances		
RIBO Professional Indemnification Fund (note 7)	955,792	955,792
Operating Fund (note 7)	3,861,504	3,702,462
	4,817,296	4,658,254
	7,241,532	6,719,714

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, 2015 and 2014

	2015 $	2014 $
External costs of regulation		
Qualification and registration	150,511	135,623
Complaints and disciplinary investigations and hearings	208,057	206,935
Consumer protection expenses	57,710	57,127
	416,278	399,685
External costs of communication		
Bulletins and mailings	9,100	8,500
Election expenses	21,556	17,492
Annual meeting	33,422	35,060
Communication with other associations	44,624	33,042
Other communication expenses	17,370	36,293
	126,072	130,387
Administration costs		
Salaries and employee benefits	2,521,223	2,607,202
Rent, property taxes and utilities	453,996	423,391
Office and general	337,063	348,843
Professional fees	17,944	16,279
Committees	97,558	91,827
Computer expenses	85,636	116,620
Amortization	8,560	38,520
	3,521,980	3,642,682
	4,064,330	4,172,754
Funding of operating costs		
Registration and examination fees	4,078,946	4,041,303
Investment and other income	144,426	147,684
	4,223,372	4,188,987
Excess of revenue over operating costs for the year	159,042	16,233
Operating Fund - Beginning of year	3,702,462	3,686,229
Operating Fund - End of year	3,861,504	3,702,462

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, 2015 and 2014

	2015 $	2014 $
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, 2015 and 2014

	2015 $	2014 $
Cash provided by (used in)		
Operating activities		
Registration fees collected	4,069,995	4,041,475
Examination fees collected	439,390	383,615
Investment and other income received	144,426	147,684
Cash paid to suppliers and employees	(4,128,069)	(4,225,181)
Increase in cash during the year	525,742	347,593
Cash - Beginning of year	5,544,840	5,197,247
Cash - End of year	6,070,582	5,544,840

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, 2015 are deferred and included as unearned revenue on the balance sheets. Unearned revenue consists of fees paid in advance for the 12-month membership period to September 30, 2016 of $1,757,510 (2014 - $1,324,360) and fees relating to the last two months of the membership period to September 30, 2015 of $640,281 (2014 - $642,992).

Property and equipment and intangible assets

Property and equipment and intangible assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives 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 2015 and 2014. The computer equipment has been amortized on a straight-line basis over its useful life of three years. As at July 31, 2015 and 2014, property and equipment consist of the following:

			2015
	Cost $	Accumulated amortization $	Net $
Computer equipment	76,705	76,705	-

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

4 Intangible assets

The Corporation did not acquire intangible assets during 2015 and 2014. The intangible assets have been amortized on a straight-line basis over the useful life of three years or five years, and in 2015 were fully amortized.

	2015		
	Cost $	Accumulated amortization $	Net $
Computer software	118,613	118,613	-

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

5 Financial risk management

The Corporation is exposed to liquidity risk and has adopted an integrated risk management framework (the 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.

Credit risk

Credit risk exists when the Corporation is subject to the risk that a counterparty to an agreement with the Corporation will default on its obligation to perform under the agreement, such as accessing the assets deposited with the financial institute/bank. In addition, there may be practical or time problems associated with enforcing the Corporation's rights to its assets in the case of an insolvency of any such party. Credit risk is managed by the Corporation to use a reputable financial institute/bank for cash and trust account deposit, and the financial information of such financial institute/bank is reviewed to mitigate the risk.

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:

	$
2016	243,080
2017	247,427
2018	235,497
2019	235,618
2020	236,966
Thereafter	840,749
	2,039,337

7 Fund balances

RIBO Professional Indemnification Fund (the 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, 2015, the Fund comprised cash in trust of $955,792 (2014 - $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.