



ANNUAL REPORT
2019 | 2020

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



2019 – 2020 RIBO COUNCIL

Standing (Left to Right):

Rose Cavaliere, Jack Lee, Hugh Fardy, Rob Walters, George Longo, Royle Leung, Diane Scott.

Seated (Left to Right):

Scott Bell, Cathy York-Sloan, Peter Blodgett, Katie Mellor, Patrick Ballantyne.

Absent:

Mariette Matos, Teresa Riverso.



Peter Blodgett
President

Report from the President

I am pleased to present the President's Report for 2019/2020.

While I have been active as a broker for many years, including a term as President of the Insurance Brokers Association of Ontario, the role of RIBO President is quite different. The trade associations play a crucial role in giving brokers a voice with regulators and government. RIBO, by comparison, is one of the regulators. As the gatekeeper for our profession, RIBO's one and only focus is to ensure customers are protected in every insurance transaction across our province. Our statutory mandate is to do what is best for the public.

When I commenced my term as President in the Autumn of 2019, we were in the midst of a hard market. As my term progressed, we were hit by the global Covid-19 pandemic, a once in a one hundred year event. At the time, I reminded brokers that 'what is best for the public' is not a relative concept. RIBO does not hold brokers to a lesser standard because they are working in a more challenging environment. In fact, consumers need to know RIBO is awake to these challenges and ready to intervene when necessary. Our duty to protect consumers is only heightened by these conditions. RIBO staff and Council will always do whatever is necessary to ensure brokers treat customers fairly.

As with RIBO, brokers also exist to serve their customers. Brokers provide customers with an important service, and are expected to do so in a professional, customer-centric fashion. As risk advisers, brokers work to understand the changing insurance needs of our clients and provide options as to how those needs may be met. These professional skills are even more important in such difficult times, as customers rely upon brokers to navigate through some occasionally rough waters.

Clearly the pandemic has contributed to unprecedented rough waters. Even several months since it began, we can only speculate upon the total damage to the global economy. The impact on the world's population will linger long after the immediate health threat. We can be sure, however, that we will eventually emerge from these dark days.

As with many of us, RIBO staff have been instructed to work from home. This was done with a view to mitigate against the further spread of the virus. This impacted the brokerages, particularly through slower-than-optimum processing of new applications for

registration. Licensing exams were also on hold for a period of time. That said, RIBO Council and management never lost sight of our public protection mandate and we continued to seek ways to efficiently and safely serve the public and our licensees.

Most brokers, as an important part of the province's insurance ecosystem, have worked through the challenges and continue to find ways to serve clients safely and efficiently. For many of us, new practices are being developed and adopted. At RIBO, Council and staff have been similarly focused on serving stakeholders while working remotely. New practices and processes have been established to allow us the flexibility to work better remotely. These include:

- *Our transition to online broker reviews, or spot checks. These have already proven to be effective and welcomed by the brokers.*
- *Online Complaints meetings, utilizing Zoom.*
- *We have also begun planning for the possibility of online Discipline Hearings, as well as Qualification and Registration Hearings. This will require more in-depth research as there are many more rules surrounding these legal proceedings. With the right training, technology and processes, it can be done.*
- *We have commenced online licensing exams, a project that has been cumbersome and challenging, but absolutely necessary. That is a major development over where we were in March 2020.*
- *We have implemented numerous technology improvements, including Office 365 with Teams as well as enhanced cyber security. This will ensure staff have access to the tools necessary to work remotely while minimizing potential security risks.*
- *Staff are also actively considering ways to reduce the amount of filings and submissions received by RIBO in paper form, and identifying ways to transition into a more digital working environment.*

In closing, it has been my pleasure to serve as RIBO President. While the circumstances have been trying for all, I am proud to have met the challenges with the excellent support of Council and staff. I am confident we are on a very positive track, not only for the pandemic era, but for the future as well.



Patrick Ballantyne
Chief Executive Officer

Report from the Chief Executive Officer

I am pleased to offer my Report for the 2019/2020 year.

I would like to begin my report for this extraordinary year by noting the crucial role public members play in a self-regulating profession. Ontario's insurance brokers were granted the privilege of self-regulation in 1981, and RIBO works hard every day to ensure we understand and prioritize the interest of the public. Public members, appointed by the Government of the day, serve both on Council and Committees. The Complaints and Discipline Committees benefit greatly from the active participation of public members. So, it is with some sadness that I acknowledge departing public members Mariette Matos, Diane Scott and Rob Walters for their years of outstanding service to RIBO. During their terms, all three represented the Ontario public extremely well and leave RIBO a better place for their service.

On a related note, I am pleased to welcome to RIBO three new public members, Cristina-Lee Rotstein, Karol Pawlina and Hadi Saleh. We very much look forward to working with them over the coming years.

In the 2019 Council elections, Hugh Fardy and Cathy York-Sloan ('20 and over' brokers category) as well as Katie Mellor ('under 20' brokers category) were elected. Peter Blodgett was elected President by his colleagues on Council. Other officers of the executive for 2019/2020 included Scott Bell (Immediate Past President), Katie Mellor (Vice President), Hugh Fardy (Treasurer) and Cathy York-Sloan (Secretary).

As with so many organizations, the pandemic has impacted our operations. Perhaps most significantly, we were unable to host licensing exams in our offices. This led to both a stress on those seeking licensing, and a corresponding loss of revenue for RIBO. By early June, we were able to offer online licensing exams through a partnership with the Insurance Institute of Canada. At the time of writing, RIBO has not been able to reintroduce 'in-person' exams at our offices but we have been able to work with some education providers and support their 'in-person' exam efforts. We look forward to once again resuming exams in as 'formal' a fashion as possible and expect the negative financial impacts of the pandemic to be relatively short term.

The necessity of working remotely for a period of time has understandably led to a goal of digitally transforming certain legacy analog processes. In particular, we are aiming to ensure licensing applications are brought exclusively online. More generally, rethinking and refining our key processes will be a priority for RIBO staff in the coming months.

Although slowed by the impact of the pandemic, RIBO remains an active participant in the Canadian Insurance Services Regulatory Organizations (CISRO) and its ongoing initiatives, such as the feasibility of a common personal and commercial insurance licensing curriculum. Discussions are also ongoing relating to the implementation nationally of principles supporting and enhancing the fair treatment of insurance customers.

This year we launched a public consultation and review with the Financial Services Regulatory Authority of Ontario (FSRA) related to "Take-All-Comers" requirements. The joint initiative is also reviewing various activities and practices by insurers and licensed intermediaries that may be contravening the "Take-All-Comers" rule and will include supervisory reviews to identify risks or instances of consumer harm. The information obtained from this review will help RIBO and FSRA to more effectively supervise the auto insurance sector and better protect the public.

We expect that this will be the first of many joint initiatives that we will carry out with FSRA with the aim of better co-ordinated insurance regulation in Ontario.

In closing, and consistent with my message of past years, the strength of RIBO is found in the brokers we regulate. Please do not hesitate to reach out to any Council or staff member with your concerns or suggestions.



Cathy York-Sloan
Chair

Report of the Professional Development Committee

The Registered Insurance Brokers Act (*RIBA*) 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 because 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 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 enquiry 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 reflect the excellent work done by our Complaints and Investigations Department.

- RIBO received approximately **1675** inquiry telephone calls last year, which is about a 40% increase over the calls from the previous year. The Complaints Officer attempts to resolve as many of the complaint calls within RIBO's jurisdiction as possible. Of the 1675 consumer inquiry calls, approximately **90%** of the "telephone complaints" were resolved in this manner.
- **84** 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 **83** active files, meaning investigations or complaints proceedings were already in progress from the previous year.
- **63** files were resolved and closed this year, leaving **104** 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 **4** 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, **0** of the files were closed in the broker's favour with **11** cases raising issues regarding misconduct, resulting in referral to the Discipline Committee for further review.
- Of the **11** cases that raised issues regarding misconduct, **7** were referred directly to the Discipline Committee for hearings and **4** 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 **3** days during the year. **5** cases were presented for approval on a consent basis and **3** required a hearing.

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- 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 and broker review program this year resulted in **138** reviews (**63** spot checks and **75** broker reviews), of which 1 resulted in any kind of formal proceeding. There were **5** reviews in progress or with follow up at fiscal year end included in the total number of reviews. This year the goal is to conduct **270** brokerage visits.

Professional Development Charts

Source and Type of Complaint Files

Source	19/20	18/19
Non – Compliance	17	32
Public	35	44
Member Brokers	19	17
Insurers	5	2
Lawyers	1	1
Government & Other Sources	7	5
Total	84	101

Type	19/20	18/19
Code of Conduct	72	70
Other Misconduct	0	0
Delinquent Filing	0	2
Trust Funds	8	17
Equity Requirements	3	6
Financial Records	0	1
Non-Compliance (other regs.)	0	4
Criminal Allegations	1	1
Total	84	101

Disposition of Disciplinary Proceedings	19/20	18/19	17/18
Certificate of Registration Revoked	1	0	4
Certificate of Registration Suspended	1	3	2
Certificate of Registration Restricted	0	0	1
Attendance at Education Course Ordered	2	4	6
Additional Financial Reports Ordered	1	6	4
Fines, Payable to Ministry of Finance	3	6	1
Registrant Reprimanded	4	11	5
Dismissed in Broker's Favour	0	1	0
Adjourned	1	1	0



Katie Mellor
Chair

REPORT OF THE QUALIFICATION & REGISTRATION DEPARTMENT

It has been a great privilege to serve as the Qualification and Registration Committee Chair.

The global pandemic has presented numerous challenges to the optimum operation of the department. Perhaps the biggest challenge related to the unavailability of in person licensing exams. Working with the Insurance Institute of Canada, RIBO was able to establish a framework for online proctored examinations. Those exams commenced in May and will continue for the foreseeable future. Of course, when it is safe to do so, in person exams will be re-introduced.

The Qualification and Registration Committee continued to convene remotely on a monthly basis and experienced no impediment to their regulatory responsibilities. Updating and reviewing educational and professional requirements, as well as continuously monitoring industry developments helps RIBO to 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, 2019 – July 31, 2020):

New Brokers – Acting Under Supervision	19/20	18/19
Exams Written (including equivalency exams)	2,712	3,409
Pass Rate (including equivalency exams)	63%	62%
Pass Rate (full basic-broker exam) for those attending a course	73%	69%
Pass Rate (full basic-broker exam) for those not attending a course	63%	60%

Level II - Removal of Restriction	19/20	18/19
Technical Exams Written	17	17
Pass Rate	18%	12%
Management Exams Written	42	92
Pass Rate	55%	70%

The low number and passing ratio in the technical exams are 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.

Online Examination – New Brokers – Acting Under Supervision	19/20
Exams Written (including equivalency exams)	235
Pass Rate (including equivalency exams)	57%

Online Examination – Level II – Removal of Restriction	19/20
Management Exams Written	1
Pass Rate	0%

Committee Decisions	Granted	Refused
Application for Secondary Business Exemption	237	1
Application for Removal of Restrictions	0	0
Other	6	20

The Committee reviewed a total of 264 requests. The majority (238) 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 237 secondary business exemptions and one was refused. Fourteen of the requests were for exemptions to sell financial products. Requests for secondary business exemptions are mainly from

individuals who need to supplement their incomes. In the decision process the Committee evaluates each request, taking all comments and concerns into consideration, including the possibility of a conflict of interest, or undue influence.

In the other category, the Committee recommended that Council grant permission to four brokerage firms in another province to hold

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their Ontario Trust Monies in their home province on the condition that they comply with the listed RIBO Regulations. Two of the requests were proposal to revoke registration for two brokerages due to no qualified Principal Broker, one of them

was withdrawn and other one is pending final decision. The Committee also refused 20 individual applications for registration as the individuals did not meet the qualifications for RIBO registration.

Hearing Summary		19/20	18/19	17/18	16/17
Review of Qualification to hold a certificate	Granted	0	1	0	0
	Refused	0	0	3	0
Application for Exemption Secondary Occupation	Granted	0	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	0	0	1	0
	Refused	0	0	0	0
Total		0	1	4	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. No requests for a hearing were made for the 21 refusals and one is pending final decision.

Registration	19/20	18/19	17/18	16/17
Individual Registrants	18,999	19,628	19,485	19,185
Corporations	941	1,023	1,021	1,048
Partnerships	11	13	13	14
Sole Proprietorships	4	5	5	6
Consultants	9	12	10	10
MGA/Wholesalers	56	59	56	56
Active Businesses	*1,021	*1,112	*1,105	*1,134
Average number of registrants per business	18.61	17.65	17.63	16.92

*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.

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.

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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 **Kevin Barker** of Muskoka Insurance Brokers Ltd.

Scott Bell (L) and Peter Blodgett (R)
with 2019 Donald W. Lambie Award Recipient



Jennifer Carswell
Marsh Canada
Limited

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 Unrestricted-Technical examination. I'm pleased to announce that this year's recipient is **Meghan Paczkowski** of McLean & Dickey Ltd.

Peter Blodgett (L) and Scott Bell (R)
with 2019 Chris Ward Memorial Award Recipients



Kyle Brill
James Insurance
Broker Limited

Jordan Switzer
Isure Insurance Inc.

We would like to congratulate the award winners and we look forward to recognizing their achievements at the Annual Meeting on November 5, 2020, which will be held virtually.

I would like to thank my fellow Committee members for their support and contribution throughout the year. I would also like to thank the Qualification and Registration staff for their continued dedication and support especially during these unprecedented times.

Please do not hesitate to reach out and contact RIBO staff or Committee members at any time.

I wish everyone a safe and successful year ahead.

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



RIBO STAFF 2019 - 2020

1st Row (Left to Right):

Erica Lo, Vera Rapaso, Mike Buck, Barbara Dalglish-Reid, Laurie Reynolds, Irene Chung.

2nd Row (Left to Right):

Chris Thorn, Lise Clements, Wendy Wu, Debbie Lee, Vivelyn Chiem, Calvin Chan.

3rd Row (Left to Right):

Tim Goff, Valrie Bailey, Diana Campoli, Vivian Lee, Crystal Skyvington.

4th Row (Left to Right):

Gustavo Blandon, Patrick Ballantyne, John Goldsmith, Winston Koo, Arthur Kosikowski.

5th Row (Left to Right):

Tracy Cullen, Jorge Guzman, Angela Daley.

Absent:

Sheron Fraser.

Registered Insurance Brokers of Ontario

Minutes of the Thirty-Eighth Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 7th, 2019 at 1:30 p.m. in the Arcadian Loft of the Simpson Tower, Toronto, Ontario.

Opening of Meeting

The outgoing President, Scott Bell, introduced members of the Board for 2019 that were in attendance. They were: Peter Blodgett, Rose Cavaliere, Hugh Fardy, Jack Lee, Royle Leung, George Longo, Katie Mellor, Diane Scott, Rob Walters and Cathy York-Sloan. Unfortunately, Mariette Matos and Teresa Rivero were unable to join us today.

The Chairperson then introduced Patrick Ballantyne, Chief Executive Officer of RIBO, and also 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 Winston Koo 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 Notice calling the meeting, together with the Annual Report and Financial Statements of the Corporation, were provided electronically 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 8, 2018 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 Peter Blodgett and **seconded** by John Gelston that the Minutes of the November 8, 2018 Annual Meeting be approved as presented. **Motion Carried.**

President's Report

Scott Bell 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:

As of July 31st, the number of RIBO licensees was at an all-time high. Further, the number of examinations written increased 13% over last year, suggesting the growth in RIBO licensees will continue for the foreseeable future.

The upward trend in broker registrations required a more modern, scalable membership system. It will ultimately afford RIBO improved efficiencies, including enhanced online functionality. While some glitches have been experienced, they are not entirely unexpected in a project of this magnitude. Full implementation remains a primary focus, and we are confident that we are laying the necessary groundwork to meet the needs of the stakeholders for years to come.

This year, RIBO Council engaged in a number of initiatives aimed at ensuring our continued strength, our relevance and our ability to fulfill our consumer protection mandate.

By way of example:

- *RIBO issued an updated Code of Conduct Handbook to reflect the recent modernization of both our Act and Regulations. This important update reminds licensees of their responsibilities under the Code of Conduct, and their duty to understand and serve their customers insurance needs.*
- *Council's refinements to our continuing education requirements have now come into effect, changes include:*
 - *A new "ethical skills" category*
 - *A minimum three hours of "technical" courses, and,*
 - *A maximum of two "personal skills" hours".*

Council is confident that these changes will serve to enhance the level of professionalism amongst personal and casualty insurance brokers in Ontario.

- *RIBO commenced regular meetings with management of the new Financial Services Regulatory Authority of Ontario, or "FSRA". FSRA became fully operational on June 8, 2019 and is our most important regulatory counterpart within the Province of Ontario. Moving forward, RIBO looks forward to a co-operative and productive relationship with them.*
- *RIBO is also an active participant in CISRO, the association of insurance intermediary regulators from across the country. CISRO meets regularly to share information and coordinate responses to issues of common concern.*
- *One major outcome of the work done by CISRO this year was the creation of the Treating Customers Fairly Guidance" document. In parallel, RIBO Council adopted the Guidance, and issued an important update to RIBO's "Fair Treatment of Consumers" Guideline, in order to support harmonization with fairness expectations and requirements across the country and across the globe.*

RIBO acknowledges the current state of insurance markets in Ontario. The hard market has created a challenging environment for Ontario's insurance brokers, but most importantly, for their customers. Certainly, many brokers have found themselves struggling between the expectations of their owners or their markets and the best interests of their clients. Brokers must remember to do what they have always done so well... treat customers fairly.

Regardless of how difficult markets may become, RIBO, and the customers we all serve, expect brokers to always prioritize the interests of their clients over anything or anyone else.

Presentation of Chris Ward Memorial Award

The Chairperson advised that we have a tie this year and asked Peter Blodgett to present the Chris Ward Memorial Awards to Kyle Brill of James Insurance Brokers Limited, Scarborough, Ontario and Jordan Switzer of Isure Insurance Inc., Woodbridge, Ontario for their achievement in receiving the highest mark on their first attempt of the Level II Examination. Unfortunately, Lindsay could not be with us today for the presentation.

Presentation of the Donald W. Lambie Education Award

The Chairperson asked Peter Blodgett to present the Donald W. Lambie Education Award to Jennifer Carswell of Marsh Canada Limited, Toronto, Ontario for her achievement in receiving the highest mark in the initial RIBO Qualification Examination.

Presentation of Annual Report

The Chairperson introduced the first item of business, namely the presentation of the Annual Report of the Corporation for the year ended July 31, 2019. He requested that a copy of the Annual Report be filed with the Minutes of this meeting.

It was **moved** by Paul Armstrong and **seconded** by David Yeates that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2019, including the standing Committee Reports and the Auditors' Report on the Financial Statements.

Motion Carried.

Appointment of Auditors

The Chairperson then requested that Kyle Snyder 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** Katie Mellor and **seconded** by Peter Blodgett 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, Patrick Ballantyne, reported that this year there were three positions open for Council.

The two candidates re-elected to Council this year in the 20 and over broker category are Hugh Fardy and Cathy York-Sloan and the candidate acclaimed to Council in the under 20 broker category is Katie Mellor.

The Chairperson congratulated and welcomed Hugh Fardy, Cathy York-Sloan and Katie Mellor to RIBO Council.

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 1:48 p.m., there being no further business, it was **moved** by Peter Blodgett that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. **Motion Carried.**

Registered Insurance Brokers of Ontario

Financial Statements
July 31, 2020



Independent auditor's report

To the Registrants of Registered Insurance Brokers of Ontario

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Registered Insurance Brokers of Ontario (the Company) as at July 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at July 31, 2020;
- the statement of operations for the year then ended;
- the statement of changes in the RIBO professional indemnification fund;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

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

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



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
October 14, 2020

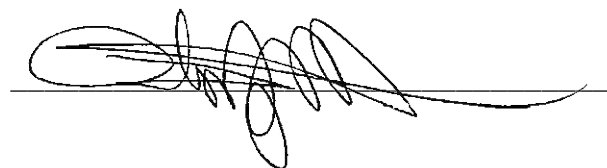
Registered Insurance Brokers of Ontario

Balance Sheet

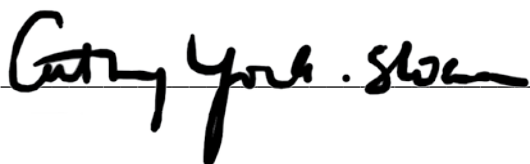
As at July 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash (note 2)	4,984,480	4,963,107
Cash and investment in trust (notes 2 and 7)	1,000,792	1,000,792
Prepaid expenses and sundry assets (note 2)	39,459	47,945
	<u>6,024,731</u>	<u>6,011,844</u>
Intangible assets (note 4)	40,647	121,942
Property and equipment (note 3)	<u>363,970</u>	<u>481,264</u>
	<u>404,617</u>	<u>603,206</u>
	<u>6,429,348</u>	<u>6,615,050</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 2)	37,765	24,002
Unearned revenue (note 2)	<u>1,459,589</u>	<u>1,574,675</u>
	<u>1,497,354</u>	<u>1,598,677</u>
Fund Balances		
RIBO Professional Indemnification Fund (note 7)	1,000,792	1,000,792
Operating Fund (note 7)	<u>3,931,202</u>	<u>4,015,581</u>
	<u>4,931,994</u>	<u>5,016,373</u>
	<u>6,429,348</u>	<u>6,615,050</u>

Approved by the Board of Directors



Director



Director

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

Registered Insurance Brokers of Ontario

Statement of Operations

For the year ended July 31, 2020

	2020 \$	2019 \$
External costs of regulation		
Qualification and registration	161,113	173,087
Complaints and disciplinary investigations and hearings	56,015	121,557
Consumer protection expenses	58,284	57,710
	<u>275,412</u>	<u>352,354</u>
External costs of communication		
Bulletins and mailings	9,650	9,800
Annual meeting	21,256	20,825
Communication with other associations	24,240	48,527
Other communication expenses	73,263	16,891
	<u>128,409</u>	<u>96,043</u>
Administration costs		
Salaries and employee benefits	3,006,531	2,914,449
Rent, property taxes and utilities	476,449	478,556
Office and general	374,009	407,134
Professional fees	18,456	17,972
Committees	82,085	85,533
Computer expenses	394,487	266,140
Amortization	198,589	204,841
	<u>4,550,606</u>	<u>4,374,625</u>
	<u>4,954,427</u>	<u>4,823,022</u>
Funding of operating costs		
Registration and examination fees	4,722,814	4,720,936
Investment and other income	147,234	153,755
	<u>4,870,048</u>	<u>4,874,691</u>
Excess (deficiency) of revenues over expenses for the year	(84,379)	51,669
Operating Fund – Beginning of year	<u>4,015,581</u>	<u>3,963,912</u>
Operating Fund – End of year	<u>3,931,202</u>	<u>4,015,581</u>

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

Registered Insurance Brokers of Ontario

Statement of Changes in the RIBO Professional Indemnification Fund

For the year ended July 31, 2020

	2020	2019
	\$	\$
Transfer from operating fund to trust fund	-	-
Fund balance – Beginning of year	1,000,792	1,000,792
Fund balance – End of year	1,000,792	1,000,792

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

Registered Insurance Brokers of Ontario

Statement of Cash Flows

For the year ended July 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Registration fees collected	3,927,432	4,388,458
Examination fees collected	610,630	615,388
Investment and other income received	216,900	232,517
Cash paid to suppliers and employees	(4,932,178)	(4,825,759)
	(177,216)	410,604
Investing activities		
Increase related to capital assets	198,589	158,263
Increase in cash during the year	21,373	568,867
Cash – Beginning of year	4,963,107	4,394,240
Cash – End of year	4,984,480	4,963,107

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

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2020

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 not-for-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 not-for-profit organization.

2 Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations, 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 during the period relating to periods subsequent to July 31, 2020 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, 2020 of \$713,210 (2019 – \$862,210) and fees relating to the last two months of the membership period to September 30, 2019 of \$698,860 (2019 – \$712,465).

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2020

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 software	3 years
Computer equipment	3 years
Office furniture	6 years
Leasehold improvement	6 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. Financial assets, at amortized cost, are tested for impairment at the end of each reporting period when there are indicators 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.

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 revenue 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 purchased new computer equipment during fiscal year 2016-2017, at a cost of \$58,964.

	<u>2020</u>		<u>2019</u>
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment	58,964	58,964	-
			13,303

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2020

During fiscal year 2017-2018, the Corporation purchased new office furniture at a cost of \$88,801.

	<u>2020</u>		<u>2019</u>
	Cost \$	Accumulated amortization \$	Net \$
Office furniture	88,801	37,000	51,801
			66,601

The Corporation entered into an office renovation project with Jesslin Group over the course of fiscal year 2017-2018. The total project cost was \$487,317 plus a holdback amount of \$46,577, making a total investment of \$533,894.

	<u>2020</u>		<u>2019</u>
	Cost \$	Accumulated amortization \$	Net \$
Leasehold improvement	533,894	221,725	312,169
			401,360

4 Intangible assets

During fiscal year 2017-2018, the Corporation purchased and installed a new membership system. This intangible asset was acquired at a cost of \$243,883.

	<u>2020</u>		<u>2019</u>
	Cost \$	Accumulated amortization \$	Net \$
Computer software	243,883	203,236	40,647
			121,942

5 Financial risk management

The Corporation is exposed to liquidity and credit 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 the obligations associated with its financial liabilities as they come due. The Corporation's unrestricted cash is held on demand making liquidity risk low.

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2020

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	<u>2020</u>		<u>2019</u>
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Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2020

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 institution/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 by using a reputable financial institution/bank for cash and trust account deposits, and the financial information of such financial institution/bank is reviewed to mitigate the risk.

6 Commitments

The Corporation is committed to making future minimum lease payments of \$889,222 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:

	\$
2021	252,084
2022	258,170
2023	262,517
2024	116,451
	889,222

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, 2020, the Fund comprised cash in trust of \$1,000,792 (2019 – \$1,000,792).

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.

