



REGISTERED INSURANCE BROKERS OF ONTARIO

ANNUAL REPORT

2022 | 2023

www.ribo.com

RIBO COUNCIL 2022 - 2023



Standing (Left to Right):

Jo-Anne Raymond, Karol Pawlina,
Alyssa Keyes, Patrick Ballantyne,
Melissa Bajwa, Sara Runnalls,
Christina Lee-Rotstein

Seated (Left to Right):

Thomas Watson, Rick Orr,
Rose Cavaliere, Brent Stefan

Regrets:

Jordan Switzer, Hadi Saleh,
Simi Chahal, Becki Carlson

“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.”

REPORT FROM THE CEO

2022/23 WAS A YEAR OF TRANSITION FOR RIBO.

This year saw the retirement of Tim Goff, RIBO's long serving Director of Complaints and Investigations after more than 30 years of service to the Ontario public and the brokerage community. Tim's 'right-touch' approach to regulation, his keen sense of fairness and breadth of industry knowledge made him an invaluable member of the RIBO team. On behalf of Council, and on behalf of our RIBO family, we offer Tim our gratitude for a job well done.

Sharon Seenath joined RIBO in early 2023 to assume the responsibilities of directing that department, now renamed Compliance, Conduct and Investigations. Sharon brings extensive experience earned from many years in a comparable role at the Law Society of Ontario. We are pleased to have Sharon on board and excited by the many initiatives she is implementing aimed at modernizing RIBO's approach to licensee compliance.

One of those initiatives, and perhaps one that will be most visible to member brokerages, is a rebuild of our 'spot check' program. Commenced with RIBO's TAC compliance audits, the new digital and 'risk based' program includes numerous modules that reflect different aspects of a brokerage's business. These modules will allow us to tailor spot checks to the particular risks within a brokerage and take a deeper dive into the most relevant brokerage operations, in support of better compliance and consumer protection.

Complaints intake is RIBO's public face to both members of the public and licensees. Intake is also the gatekeeper for Compliance, Conduct & Investigations. An effective and efficient triaging process gives RIBO the opportunity to apply most of its resources to the "right" cases. Therefore, in January 2023, RIBO implemented a new risk-based approach for triaging its complaints.

We commenced a complete review of the processes of our Complaints and Discipline Committees. The refresh includes a reconsideration of how investigations are presented to the Committee, how the Complaints Committee carries out its responsibilities, and a documentation of the Rules of Practice for the Discipline Committee. These are key functions of any regulator, and this review enables us to ensure we have a modern and mature approach.

RIBO has been processing a record number of applications for licensing, including individuals, firms and Managing General Agents. Our licensing team continues to target, and have been largely able to meet, a seven-day turnaround for individual applications.

A key prerequisite to the application process is satisfying the licensing exam requirements. Online exams, while improving accessibility, have led to increases in the number of exam breaches by candidates. RIBO has recently begun to utilize data forensics to address exam irregularities and to apply a similar methodology of identifying exam irregularities between our two exam providers.



PATRICK BALLANTYNE
CEO

The use of data in decision-making is improving how we are protecting Ontarians.

One example is our use of analysis to ensure integrity in licensing exams.

RIBO is also setting common standards that all exam providers will need to meet to administer RIBO examinations. These standards are intended to address any potential differences in the capabilities of exam providers to ensure that a baseline is met. Further, RIBO is in the process of developing an Academic Integrity Policy that will standardize responses for exam providers when they detect instances of exam misconduct.

With respect to the exam itself, RIBO undertook a review of its entry-level examination to ensure that the exam remains relevant to evolving industry needs as well as to enhance our efforts to prevent breaches. As part of this project, RIBO will continuously update the exam on a yearly basis by replacing questions to maintain fairness and integrity of the exam. Following phase 2 of the project, RIBO has decided to maintain a fully multiple-choice format for the exam and will be increasing the number of questions to 100 from 90.

Finally, RIBO is replacing its current Registry Management System (RMS) with a new, custom-built Microsoft-based solution. The new RMS will be the backbone of RIBO's ongoing digital aspirations, and as a Microsoft-based system, it will afford us considerably more internal control than we had with the legacy Pivotal system. The transition to the new RMS is expected to occur during the Fall of 2023.

These are some of the highlights of an extraordinarily busy year. I wish to thank the RIBO team for their commitment and drive to modernize. I also want to acknowledge the leadership of Rose Cavaliere and all of Council for their unwavering support and guidance.

REPORT FROM THE PRESIDENT

IT WAS MY DISTINCT HONOUR TO SERVE AS RIBO PRESIDENT FOR 2022/2023.

This is my sixth and final year on Council, after having served two consecutive terms. Over that time, RIBO has attained a level of maturity and confidence that enables creative and proactive decision making.

Council said goodbye and thanks to Cathy York-Sloan after her two terms on Council. Of particular note, is work Cathy led on the development of a proposal for cyber standards for licensees. This initiative is ongoing, and more guidance will be released in 2024. Also departing Council were Katie Mellor and Hugh Fardy, each of whom served two terms on Council, and each of whom served as RIBO President. Katie and Hugh served at a particularly eventful time in RIBO's history, helping to both initiate and steer us through significant modernization efforts that are ongoing to this day. Three new members were appointed following the November 2022 election. Following a resignation, a new council member was appointed under the election By-Law. On behalf of Council, staff, our licensees, and the public at large, I thank all individuals for their dedication and service.

In November of 2022, the Auditor General of Ontario issued a report on insurance regulation in the province. While primarily focusing on a review of the Financial Services Regulatory Authority of Ontario (FSRA), the report included observations relating to RIBO's oversight of brokers. The Auditor General's findings were consistent with RIBO's own findings and reinforced our intentions to clarify broker conflict of interest disclosure requirements. RIBO is clarifying its policies and procedures for mandatory conflict disclosure which should be issued in late 2023. Compliance with these requirements will be monitored by RIBO through additional focused compliance efforts, for example, as part of the spot check program.

As I reported in the "RIBO Review" in June, Council is engaged in a governance review specifically focusing on the composition of our Council and committees. While that review is on-going, one opportunity that has been identified is to find ways to be more intentional about matching the skills and experiences that Council members bring to the table with what Council requires to best fulfill its role. To that end, Council developed and approved a Composition Skills Matrix for those interested in serving on Council, and it is being utilized in the 2023 election. We believe that this is an appropriate and timely consideration, with a view to helping ensure Council reflects the skills and experience necessary to support both our regulatory mandate and principles of modern governance. These changes, along with necessary By-Law Changes are also being considered in the context of a necessary transition of RIBO to a 'not-for-profit corporation' registered under the Ontario Not-for-Profit Act, 2010, required by October 2024. Membership will have an opportunity at a future Special Meeting to review and vote on any necessary changes to RIBO's By-Laws.



ROSE CAVALIERE

PRESIDENT

We have developed a composition skills matrix which will help RIBO match the skills and experiences that Council members bring to best fulfill its role.

The role of Managing General Agents in the Ontario insurance marketplace continues to grow and evolve. For over two decades, RIBO has licensed MGAs in Ontario on a voluntary basis, overseeing those licensees under largely the same regime as that applicable to brokers. With over 70 MGAs now licensed with RIBO, Council believes it is appropriate to seek a more formalized solution to MGA oversight. We look forward to continuing our discussions with the government and other stakeholders.

These are just a few highlights of another busy year. I believe that the rapid pace of change will continue as RIBO plans for the future. Allow me to thank my fellow Council members, as well as RIBO staff who bring life to Council's numerous proposals and initiatives. While I will miss my active participation on Council, I know that I leave the organization in good shape, and in good hands.

REPORT FROM THE PROFESSIONAL CONDUCT AND DISCIPLINE COMMITTEE

I AM PLEASED TO PRESENT MY REPORT FOR 2022/2023.

The Professional Conduct and Discipline Committee ensures that the powers and duties entrusted to RIBO in *The Registered Insurance Brokers Act*, regulations and By-Laws are carried out. Specifically, the Professional Conduct and Discipline Committee acts as a general overview committee of the practises and processes implemented in Compliance, Conduct and Investigations. This includes Intake and the Complaints and Discipline Committees.

The Professional Conduct and Discipline Committee's oversight responsibilities include for example, ensuring that RIBO maintains statistical data about complaints received and how they progress through RIBO's regulatory processes. Such data includes the types of complaints RIBO receives, sources of complaints, trends, and cases taken through the Complaints and Discipline Committee processes.

I am pleased to report that during the past year, there have been significant changes in these areas. This includes both changes in staff and the introduction of new and enhanced processes to improve efficiencies and data collection capability – all with a view to enhancing transparency and accountability as a regulator with a public protection mandate.

- **Staffing**

RIBO hired a new Director, Compliance, Conduct & Discipline – Sharon Seenath. Sharon joined RIBO in January 2023 as a result of the retirement of the former Director, Tim Goff.

- **Cross Training**

As part of its Strategic Plan, RIBO is committed to engaging in the cross training of its staff to increase capacity. During the past year, the Compliance team was cross trained in the Intake process to assist with triaging new complaints.

- **Overall Risk-Based Approach**

RIBO created an overall risk-based approach to processes across Compliance, Conduct & Investigations. For example, new complaints are triaged using established risk criteria; brokerages are also identified for Spot Checks on a risk basis.

- **Take-All-Comers**

Based on concerns identified in the market about the accessibility of automobile insurance, FSRA commenced a review across insurance markets to address non-compliance with the Take-All-Comers Rule.

During the past year, RIBO also developed and implemented a plan to conduct Take-All-Comers Spot Checks on brokerages. RIBO completed thirty-nine (39) Take-All-Comers Spot Checks and issued its final Take-All-Comers report in June 2023. A copy of the report is available at [TACreport_Final.pdf \(ribo.com\)](#). RIBO also provided licensees with updates about the progress of these Spot Checks at town halls in February 2023 and July 2023.



MELISSA BAJWA
CHAIR

I am pleased to report that there have been significant changes to improve the Complaints and Discipline Committee process.

- **New Risk-Based Spot Check Program**

RIBO's Strategic Plan also includes a plan to leverage technology to improve its approach to and efficiencies in its Spot Check program. In May 2023, RIBO implemented Phase I of its new risk-based Spot Check program with 24 Spot Checks. This new approach, which includes additional staff training, will enhance RIBO's efficiencies and data collection capabilities and further support RIBO's public protection mandate.

- **Complaints and Discipline Committees**

RIBO commenced a detailed review and assessment of its current Complaints and Discipline Committee processes. The objective of the review is to increase efficiencies and improve its transparency and accountability to its stakeholders. Over the next few months, RIBO will provide general updates to the membership about the progress of this project. Licensees with matters before these Committees will be provided with information they require to participate in these new processes.

- **Data Collection**

As RIBO continues to modernize its processes in Compliance, Conduct & Investigations by leveraging technology, RIBO is developing new data collection techniques and strategies to assess its performance. This includes creating new key performance indicators, benchmarks, and other metrics. This past year has been a transition for the purposes of our data collection. Therefore, for this year only, the annual report will include statistical summaries of activities in Compliance, Conduct & Investigations, for the 2022-2023 year. We will not be providing the previous year's numbers. The following is a summary of the Compliance, Conduct & Investigations matters dealt during the 2022-2023 year:

Intake Department	
New complaints received	336
Cases closed	278
Cases transferred to Investigations	58
Closing inventory	23
Telephone inquiries (not leading to complaints)	226
Investigations Department & Complaints Committee	
Opening inventory as of August (investigations)	103
Cases closed by staff	48
Cases submitted to Complaints Committee	9
Cases not referred by Complaints Committee	4
Cases referred to Discipline Committee by Complaints Committee	10
Closing inventory	91

Discipline Committee		
Opening Inventory (Discipline Committee)	19	
Cases Referred by Complaints Committee to Discipline Committee	10	
Cases proceeded to Hearing	10	
Cases Closed	6	
Dispositions	11	
Closing Inventory	23	
Compliance Department		
Spot Checks		
• Take-All Comers	39	
• New risk-based spot checks	24	
• Brought forward from previous year	1	
• Total Spot Checks Completed	64	
Position Reports (PRs)	PRs	Associated brokerages
• Brokerages with outstanding PRs	312	157
• Resolved	180	108
• Compliance files opened (unable to resolve)	110	36
• Files carried forward to 23/24 year	22	13
Trust Deficit Concerns		
Files with Trust Deficit concerns	5	
Books & Records Concerns		
Files with Books & Records concerns	1	

SOURCES OF COMPLAINTS RECEIVED IN INVESTIGATIONS:

August 1, 2022, to July 31, 2023

Consumers: 25

Broker: 9

Others: 24

REPORT OF THE QUALIFICATION & REGISTRATION COMMITTEE

The Qualification & Registration (QR) Committee has a broad mandate to ensure all registered individual license holders and brokerages meet minimum standards for education and training.

As Chair of the QR Committee, I endeavored to apply a commonsense approach to policy, licensing, and standard development. The Committee had a busy year meeting monthly to review and approve various policy and licensing proposals. I am pleased to provide an overview of RIBO's qualification and registration related activities for the 2022-23 fiscal year.

Examinations

Since January 2023, all RIBO licensing examinations are delivered in electronic format online, except where accommodations are required. While these changes have improved accessibility for exam takers, RIBO and our third-party service providers, the Insurance Institute of Ontario (IIC) and the Insurance Brokers Association of Ontario (IBAO), have noticed an increase in the number of exam breaches being committed by examinees.

RIBO has a zero-tolerance policy against cheating and any individuals discovered to have cheated have had their exams nullified. As the regulatory authority for insurance brokers in Ontario, we recognize the paramount importance of maintaining the integrity of examinations to ensure that individuals entering the field, possess the necessary knowledge and skills to serve the public effectively. RIBO's commitment to continuously refreshing RIBO's licensing exams as outlined in RIBO's 3-year Strategic Plan, as well as developing processes for detecting and preventing any breaches of exam integrity, will also mitigate against the potential for collusion and exam breaches by examinees going forward. RIBO is also taking a proactive approach to address the increase in exam breaches by introducing a comprehensive Academic Integrity Policy in Fall of 2023.

Recognizing the importance of education and standard development, RIBO has also increased the resources devoted to these activities. In the last year, RIBO has conducted audits of its third-party providers' administrative processes and continues to provide oversight to ensure exams rules are being adhered to. RIBO continues to review and consider all options to support the integrity of its exams, including reviewing the exam administration privileges of its service providers and changing how its exams are delivered, including no longer allowing in-brokerage exams.

RIBO Entry Level Broker Competency and Level 1 Exam Review

This year RIBO conducted an extensive review of the entry-level exam together with consultations with industry experts that sought to better understand the knowledge, skills, and abilities required of the new and modern broker. The consultations confirmed the need for more basic knowledge on commercial insurance for entry-level brokers to better align with current industry practices. RIBO has also heard from the industry that it should consider implementing a mandatory pre-licensing training course as well as requiring commercial producers to hold a commercial lines license. RIBO intends to consult on its registration requirements, and licensing classes early next year.



THOMAS WATSON
CHAIR

We believe
it is important
to maintain the
integrity of our
exams to ensure
the public is being
served correctly.

The review is now complete, culminating in the creation of RIBO Entry Level Broker Competency Profile and the new Entry Level Exam Blueprint to be released in Fall 2023. The exams will be updated for all of 2024 to include new questions, however the new blueprint will not take effect until January 1, 2025. Leading up to this, RIBO will be working with its exam service providers, the IIC and the IBAO, to begin piloting new exam questions. Candidates will not be penalized for their performance on pilot questions and will be given adequate time to complete all exam questions.

Harmonization

RIBO is continuing to collaborate and share best practices and knowledge with provincial regulators through the Canadian Insurance Services Regulatory Organisations (CISRO) to better harmonise entry level qualifications across Canada. As part of building an increased awareness and understanding of provincial licensing requirements, RIBO introduced a new Accelerated Management Exam and Level 2 “Unrestricted-Technical only” license upgrade process to streamline the RIBO license application process for out-of-province brokers. These changes support RIBO’s commitment to setting high standards for general insurance brokers so that the Ontario public is protected when receiving services by RIBO licensed individuals.

Licensing

RIBO licensing staff continue to refresh policies and procedures related to suitability and qualifications to ensure only competent, qualified, and suitable individuals can serve members of the public. Drops in service levels were experienced due to increased licensing demand in the sector, as well as the need for additional scrutiny and waiting periods following the implementation of exam review and investigation protocols. Other licensing delays related to reviews related to requests for secondary business exemptions and reviews of individual licensees’ qualifications and suitability to act as insurance brokers.

RIBO is in the process of updating its internal and external licensing systems as part of its commitment to modernization, this includes the launch of online employment changes and Principal Broker changes. Once new systems are implemented, RIBO will establish new meaningful and reliable licensing standards.

I am proud to have served as a member of Council and as Chair of the QR Committee that has guided the organization toward raising the bar for broker education and qualification standards.

The following statistical summary details the work of the Committee and department for the fiscal year August 1, 2022 – July 31, 2023:

LEVEL I - NEW BROKERS – ACTING UNDER SUPERVISION

	22/23	21/22	20/21
Total Exams Written (including equivalency exams)	5,319	5,007	2,799
Pass Rate (including equivalency exams)	51%	58%	55%
Pass Rate (Level 1 entry-level exam)	46%	52%	59%

LEVEL II – UNRESTRICTED TECHNICAL AND MANAGEMENT QUALIFICATIONS

	22/23	21/22	20/21
Unrestricted Technical Exams Written	28	24	5
Pass Rate	38%	33%	60%
Unrestricted Technical Level 2 Exam Waived	213 ¹	101	110
Management Exams Written (includes Accelerated Management Exam)	92	98	48
Pass Rate	70%	58%	52%

¹ New Technical exam waiver process

RIBO is pleased to see an increase in individuals seeking a Level 2 “Technical” and /or Level 2 “Management or Principal Broker” qualification. RIBO continues to encourage succession planning within brokerages by ensuring that Level 1 individuals are aware of potential career paths and can continue to develop professionally by taking the Level II examinations. RIBO accepts CAIB and CIP designations as an equivalency for the Level II Unrestricted technical exam.

Committee Decisions

Application for Secondary Business Exemption	Granted	Refused
Other than Financial – Individual	196	0
Financial ² – Individual	6	0
Other than Financial – Firm	0	0
Application to Hold an out of province trust account	6	0
Other – Individual	12	3
Other – Firm	6	0

² Secondary Business exemptions are granted for the sale of financial products including mutual funds, GIC, RRIF, RRSP and RESP vehicles

The Committee reviewed a total of 226 requests. The majority of the requests were for secondary business exemptions. These requests require exemption from Regulation 991, Section 5 (i) (b). Over the course of the year, the Committee granted 202 secondary business exemptions, none were refused. Six of the requests were for exemptions to sell financial products. Requests for secondary business exemptions are mainly from individuals who choose to supplement their incomes through other employment. 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.

The Committee also 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.

Other QR Committee decisions covered a number of topics including exemption requests from brokerages with respect to shared spaces, suitability reviews of individuals seeking licensing, reviews of individuals' qualifications to act as an insurance broker, and other general requests.

The Committee approved several policies to reduce the number of secondary business requests that must be heard without placing the public at risk. To this end the Committee approved two lists of commonly reviewed occupations and professions. These lists set out when the Manager of RIBO can approve a secondary business exemption request and when it must be referred to Committee for review. Alongside this change, the Committee clarified the limited circumstances when volunteer activities needs to be reported and which licenses RIBO are permitted to hold alongside a RIBO license. Further to this the Committee has also directed RIBO to establish broker guidance on conflicts of interest to expand and clarify its scope and what RIBO expects its licensees to do when a conflict is identified. New guidance will be forthcoming later in the year.

Hearing Summary

		22/23	21/22	20/21	19/20	18/19
Review of Qualification to hold a certificate	Granted	-	-	-	1	1
	Refused	1	-	-	-	-
Application for Exemption Secondary Occupation	Granted	-	-	1	-	-
	Refused	-	-	-	-	-
Application for Removal of Restriction	Granted	-	-	-	-	-
	Refused	-	-	-	-	-
Other	Granted	-	-	-	-	1
	Refused	-	-	-	-	-
Total		1	-	1	1	2

All applicants have the right to request a hearing after the Committee has considered and proposed to refuse a registration or exemption, or has proposed to restrict, revoke, or not renew an existing registration. Only one (1) hearing was held, resulting in the refusal of registration. Pursuant to section 23 of the *Registered Insurance Brokers Act*, final decisions are posted on the Canadian Regulators Disciplinary Actions Database (CIRDA) website, unless ordered otherwise. Any appeals of Qualification & Registration Committee decisions may be made to the Divisional Court of Ontario.

Registration

	22/23	21/22	20/21	19/20	18/19
Individual Registrants	20,362	19,557	18,630	18,999	19,628
Active Business Registrants					
- Corporations	871	895	928	941	1,023
- Partnerships	8	10	11	11	13
- Sole Proprietorships	2	2	3	4	5
- Consultants	11	10	9	9	12
- MGA/Wholesalers	70	67	60	56	59
Total Active Business Registrants*	962	984	1,011	1,021	1,112
Average number of individual registrants per business	21.17	19.88	18.43	18.61	17.65

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

A number of corporate registrants have amalgamated over the last year, resulting in fewer brokerages overall that are generally larger in size (based on the number of sponsored licenses) than in previous years. From August 1, 2022, to July 31, 2023, RIBO newly processed 2478 individual applications, 235 Individual reinstatements, 8 Non-Active Firm reinstatements, 35 Firm (Corporation) Registrations, 2 Firm (MGA/Wholesalers) Registrations, 169 Non-Active Firm Registrations.

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 am pleased to announce that this year we have a three-way tie for the highest mark on the RIBO Management exam, the recipients are Priya Gosal, Kevin Wisdom, and Katelyn Richardson.

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 Gurpreet Kaur with the highest mark in the initial RIBO qualification examination (Level 1 "Acting Under Supervision" Exam).

Congratulations to the award winners. Their achievements will be recognized at the Annual Meeting on November 9, 2023.

PROGRESS ON THE STRATEGIC PLAN

RIBO has completed the first year of its 2022-2025 Strategic Plan and remains on track to achieve 100% of the multi-year goals laid out in the plan. Below is an update on the progress we have made to date.

Strategic Priority #1: Consumer Protection

Increasing awareness of RIBO's mandate, expectations, and function is essential to enhancing consumer protection. We aim to further educate consumers on their rights, standards they should expect, and how they can take action if they feel those standards have not been met. We also aim to increase the level of support we offer to our licensees to ensure they maintain the level of competence that both RIBO and the public expect of them. Over the past year we have approached this in three key ways:

- **Development of a risk based Spot-Check program**

During the past year, RIBO significantly modified its Spot Check program. We expanded the scope of our spot checks to include all aspects of a brokerage (operational and books & records) and introduced a new risk-based approach. The purpose of our new and improved Spot Check program is to ensure that brokerages are complying with the *Registered Insurance Brokers Act*, By-Laws, Regulations, including the Code of Conduct, and any other applicable legislation, regulations, rules, and guidelines, including the *Insurance Act*, Fair Treatment of Customers Guidelines and the Unfair or Deceptive Acts or Practices (UDAP) Rule. Phase I of RIBO's new spot check program was launched in May 2023. RIBO will be implementing Phase II of the program in year 2 of the strategic plan.

- **Website review and update**

The RIBO website is an important forum for providing information to both the public and our licensees. To be effective, the right information must be both available and presented in the right way to users. During this past year, we engaged in a comprehensive review of the site, including working with different stakeholder groups to gain a better understanding of their needs and how we can improve the site. Following this review, we launched a request for proposals, and engaged a web design firm to assist us in developing a new website. Developing this new site is targeted as a year 2 initiative.

- **New and enhanced broker resources**

RIBO has been developing a new RIBO Licensee Reference Manual (Reference Manual) which, when released in the fall of 2023, will provide enhanced guidance to all licensees on standards and expectations to help them comply with the *Registered Insurance Brokers Act*, Regulations, By Laws, and other applicable legislation. By providing this, and other broker resources, we aim to help licensees meet the established standards of conduct and competence allowing them to provide competent services to their clients. We will continue to revise the Reference Manual on an on-going basis including the release of new and updated guidelines. We are also conducting a review and making updates to the Code of Conduct Handbook, disclosure requirements, and the secondary business/occupation rule to mitigate against conflicts of interest and potential for consumer harm.

Strategic Priority #2: Efficiency and Financial Responsibility

As a responsible organization, we must ensure that RIBO is operating efficiently and has the financial resources to fulfill its public protection mandate, while simultaneously being fiscally responsible to the membership. Over the course of the year, RIBO implemented a series of internal tools including dashboards, forecasts, and analytical models to improve the planning and monitoring of our financial resources. Additionally, we have commenced a comprehensive review of RIBO's funding model to ensure that our fees are fair and optimally structured.

Our increased use of technology, as described in the Modernization section below, along with a re-alignment of roles, training initiatives, and new processes, have all been introduced and implemented over the past year as we work to increase the efficiency with which we deliver services, and allow our staff to focus on the highest value work.

Strategic Priority #3: Modernization of our Practices

Our broad approaches to modernization include investing in and leveraging technology, increasing our use of data in decision-making, and reviewing best-practices in the regulatory space, all with the goal of improving our operations and services delivered to licensees, applicants, and the public.

From a technology perspective, in this past year, RIBO deployed online modules for Certificate of Authority requests, employment change and designated individual notifications, firm amalgamation applications, secondary business exemption requests, as well as enhanced back-end systems including a centralized payment hub and secure data transfers. All of the above are also supported by internal digital "workbenches" which enable staff to work efficiently and maintain an auditable, traceable history of all "touchpoints" with our membership.

RIBO's new risk-based Spot Check program (previously described) was implemented directly as a digital tool. Its modular nature allows the design of spot checks to align with the risk-based approach and allows for ease of deployment and collection of brokerage responses. This new digital platform also lays the groundwork to conduct data and trend analyses of spot check results in future releases.

Another key technology initiative has been commencing the development of a new Registry Management System. This system will replace RIBO's internal database of our 20,000+ registrants and, when launched, serve as a new portal for brokers to conduct business with RIBO, including renewing their licenses, making change requests, and submitting various required filings. We intend to have a series of releases of this new system as we gradually add more features to it to improve its capability. The first release is scheduled for the fall of 2023.

Work also commenced this year on a new Continuing Education Management System (CEMS) designed to allow brokers to track and report on their continuing education requirements. This system will also be deployed in year 2 of the strategic plan.

Corporate Governance was also identified as an area of opportunity for modernization. During the year we conducted a review of governance best-practices, engaged in discussions with other regulators who similarly navigated governance changes, and hosted multiple sessions on this topic with Council. As part of this work, RIBO launched its first ever Composition Matrix which outlines desirable personal attributes and skills

necessary for an optimal makeup of Council members. The Composition Matrix will serve as an important evaluation tool as we move, like many organizations have, to a skills-based board. This work will continue into the second year of our strategic plan.

The use of data in decision-making manifests itself in many ways across the organization and as we build new systems and are able to collect more data, it will become ever more prevalent. One example of increased use of data in our operations this past year is our use of psychometric analysis in licensing exams. Through this methodology we can review pools of exam result data and identify statistical anomalies that may require further investigation. This process helps us ensure the integrity of exams and allows us to have a very high level of confidence in the results.

Strategic Priority #4: Professional Standards

RIBO completed a review of its Level 1 exam, culminating in the creation of a new RIBO Entry Level Broker Competency Profile and the new Entry Level Exam Blueprint. We consulted with industry experts to better understand the knowledge, skills, and abilities required of the new and modern broker. The consultations confirmed the need for more basic knowledge on commercial insurance for entry-level brokers to better align with current industry practices. This will be reflected in the new entry-level exam. The new Blueprint will take effect on January 1, 2025.

RIBO will continue to report on its Strategic Plan and progress as part of its annual report. Below is a snapshot of progress to date for year 1of the Strategic Plan:

	YEAR 1	YEAR 2	YEAR 3
Strategic Priority #1: Consumer Protection			
New RIBO website			
RIBO Licensee Reference Manual			
Risk-based spot check program - Phase I			
Risk-based spot check program - Phase II			
Advancing the consumer voice			
Modernizing enforcement approaches			
Strategic Priority #2: Efficiency and Financial Responsibility			
Enhanced financial analytical and monitoring tools			
Corporate restructuring			
Internal training, cross-training, and updated processes			
Fee model evaluation			
Rationalization of technology tools			

YEAR 1	YEAR 2	YEAR 3
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Strategic Priority #3: Modernization of our Practices

	Completed	In Progress	Not Started
Development of new Registry Management System	3	0	7
Online license applications (individual)	2	0	8
Online license applications (firms)	3	0	7
Self-serve online employment change module	1	0	9
Self-serve online designated individual change request module	1	0	9
Continuing Education Management System	1	0	9
Corporate Governance Review	3	2	5
Data-driven decision-making culture	4	0	6
Improved service strategy/approach	1	0	9

Strategic Priority #4: Professional Standards

Item	Progress
Level 1 license exam review and update	
Continuing education program review	
Review of licensing framework and Level 2 exams	
Review of Level 2 and management equivalencies	

MEETING MINUTES

Minutes of the Forty-First Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 10th, 2022, at 4:01 p.m., in-person and simulcast via live audio webcast.

- **Opening of Meeting**

The outgoing President, Hugh Fardy, introduced members of the Board for 2022 that were in attendance either in-person or virtual. They were Katie Mellor, Rose Cavaliere, Melissa Bajwa, Alyssa Keyes, Christina Lee-Rotstein, Rick Orr, Karol Pawlina, Thomas Watson, Brent Stefan and Cathy York-Sloan.

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.

- **Appointment of Scrutineers: Report as to Quorum**

The Chairperson called for the appointment of Diana Campoli and Valrie Bailey to act as scrutineers of the meeting. As there were no objections, the individuals were so appointed.

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

- **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.

- **Question Period Procedures**

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

- **Minutes of the November 4, 2021 Annual General Meeting:**

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

It was moved by Paul Armstrong and seconded by Joseph Carnevale that the Minutes of the November 4, 2021, Annual Meeting be approved as presented. Motion Carried.

Hugh Fardy thanked all of those who joined us today for our hybrid Annual and General Meeting and expressed his pleasure in serving as RIBO's President during this momentous and exciting year.

His report included the following comments:

As we enter into the third year under the influence of the ongoing pandemic, it is safe to say that today's RIBO is, operationally, a very different organization than it was in 2020. It remains a priority of Council to continuously move away from legacy, paper-based processes and toward better efficiencies. Beyond technology...though perhaps enabled by it...we are also challenging how we conduct our regulatory activities.

In this spirit, this year, Council along with staff, engaged in a strategic planning initiative to help guide us for the next few years. The results of our deliberations were fashioned into RIBO's 2022-2025 Strategic Plan, adopted by Council in June and released in September. You may find the plan on our website. We believe this plan provides a forward-thinking roadmap for Council and staff, ensuring accountabilities while embracing a nimble approach to fulfilling our core public protection mandate.

This has been a busy year on the policy front. Managing General Agents (MGAs) continue to play an increasingly important role in the business lives of Ontario's brokers and their clients. RIBO continues to seek ways of improving the oversight efforts that so many MGAs have voluntarily given to us. In the past year we have clarified certain licensing requirements for those MGAs that choose to license through us. We conducted a survey of our MGA members to enable us to better understand that sector, especially the services they provide and for whom they provide those services. The accumulation of experience and better data will lead to fact-based policy development, which should in turn strengthen our efforts overseeing this key sector.

We also continue to focus on better communication with our licensees. Of note, is the improved monthly bulletin, "the RIBO Review" e-newsletter, which includes timely updates for licensees on industry trends, the latest RIBO guidance on new requirements and a summary of RIBO's monthly regulatory activities. We are also committed to holding regular online 'town halls' aimed at sharing important developments and allowing for dialogue between staff and licensees.

The RIBO Code of Conduct for brokers, entrenched in regulation and enforceable as law, makes clear the importance of treating customers fairly. In tandem with regulators across the country, RIBO issued requirements for licensees to share with their customers' information relating to regulators' professional behaviour and conduct expectations for intermediaries and the fair treatment of customers. The new "About Your Insurance Broker" fact sheet which must be shared with customers, provides an opportunity for the public and brokers to understand each other's roles and responsibilities when it comes to purchasing insurance in Ontario. Supporting our licensees in their efforts to treat customers fairly and professionally across all lines of insurance will be a key aspect of our public protection activities in the coming years.

There is a fresh mindset at RIBO, adopted by both Council and staff, that seeks constant improvement and innovation. This mindset allows for...and demands...our evolution.

While we continue to consider all opportunities to strengthen our organization, we remain committed to ensuring our workplace is a positive and collaborative environment for our employees and licensees.

These are transformative and exciting times for RIBO. Everything we are doing today will strengthen RIBO and help us to better fulfill our commitment to public protection and customer service for decades to come.

- **Announcement of Chris Ward Memorial Award**

The Chairperson advised that this year's recipient of the Chris Ward Memorial Award is Amy Armstrong of Canada Brokerlink for her achievement in receiving the highest mark on her first attempt of the Level II Examination.

- **Presentation of the Donald W. Lambie Education Award**

The Chairperson advised that this year we have a three-way tie and the recipients of the Donald W. Lambie Education Award are Kelly Wiseman of McDougall Insurance Brokers Limited, Jiaying Guo of CIS Insurance Brokers (Canada) Limited and Ginela Dela Cruz of Scoop Insurance Brokers Ltd. for their 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, 2022. The Chairperson requested that a copy of the Annual Report be filed with the Minutes of this meeting.

It was moved by Sara Runnalls and seconded by Jo-Anne Raymond that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2022, 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 Rick Orr and seconded by Melissa Bajwa 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 three candidates elected to Council this year are Jo-Anne Raymond, Sara Runnalls and Jordan Switzer.

The Chairperson congratulated and welcomed Jo-Anne Raymond, Sara Runnalls and Jordan Switzer to RIBO Council and thanked retiring directors Katie Mellor and Cathy York-Sloan for their support and contributions during their terms on RIBO Council. The Chairperson noted that this is the end of his term as RIBO President and time on RIBO Council as well.

- **Question Period**

The Chairperson asked at this time if there were any questions from the members.

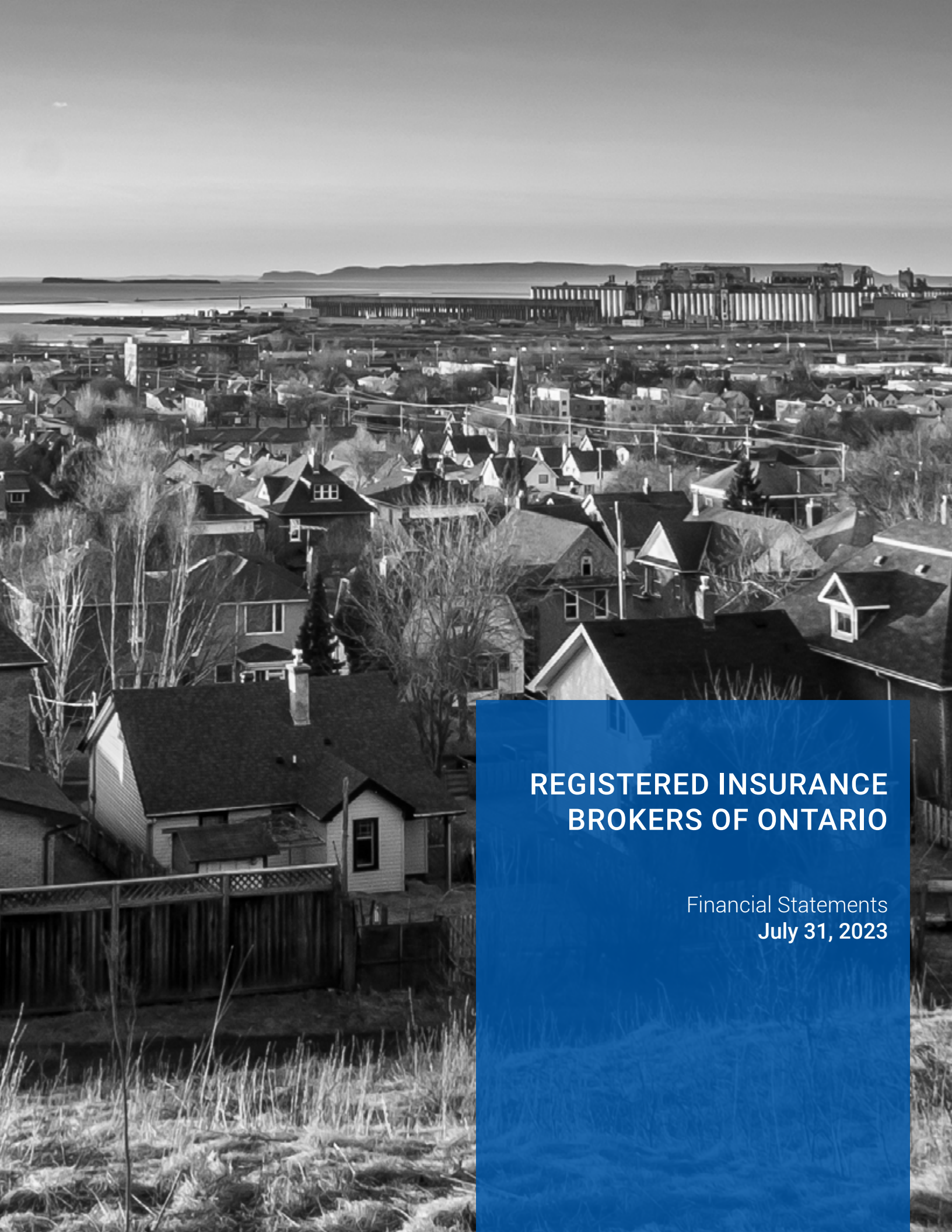
There were no questions.

- **Termination of Meeting**

On behalf of Council, the Chairperson expressed her appreciation to all registrants joining the hybrid meeting this year.

The Chairperson then requested a motion from the floor to adjourn the meeting.

At 4:18 p.m., there being no further business, it was moved by Cathy York-Sloan that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. Motion Carried.

An aerial, black and white photograph of a residential neighborhood. In the foreground, several houses with dark roofs and some bare trees are visible. In the middle ground, a dense cluster of houses is seen. In the background, a large industrial facility with multiple tall, vertical structures, possibly a power plant or refinery, is situated near a body of water. The sky is clear and light-colored.

REGISTERED INSURANCE BROKERS OF ONTARIO

Financial Statements
July 31, 2023



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, 2023 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, 2023;
- the statement of operations for the year then ended;
- the statement of changes in the RIBO Professional Indemnification Fund for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, ca_toronto_18_york_fax@pwc.com

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



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.

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
September 20, 2023

Registered Insurance Brokers of Ontario

Balance Sheet

As at July 31, 2023

	2023 \$	2022 \$
Assets		
Current assets		
Cash (note 2)	5,406,352	5,572,787
Cash and investment in trust (notes 2 and 6)	1,000,792	1,000,792
Accounts receivable (note 2)	30,625	45,000
Prepaid expenses and sundry assets (note 2)	20,072	49,487
Total current assets	6,457,841	6,668,066
Property and equipment (note 3)	51,996	155,987
Total assets	6,509,837	6,824,053
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 2)	89,914	52,251
Unearned revenue (note 2)	987,988	2,042,606
Total liabilities	1,077,902	2,094,857
Fund Balances		
RIBO Professional Indemnification Fund (note 6)	1,000,792	1,000,792
Operating Fund (note 6)	4,431,143	3,728,404
Total fund balances	5,431,935	4,729,196
Total liabilities and fund balances	6,509,837	6,824,053

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, 2023

	2023 \$	2022 \$
External costs of regulation		
Qualification and registration	118,023	11,190
Complaints and disciplinary investigations and hearings	68,608	14,990
Consumer protection expenses	44,820	61,536
Total external costs of regulation	231,451	87,716
External costs of communication		
Annual meeting	14,067	6,112
Communication with other associations	39,332	10,761
Other communication expenses	188,432	114,776
Total external costs of communication	241,831	131,649
Administration costs		
Salaries and employee benefits	3,426,637	3,487,750
Rent, property taxes and utilities	493,677	470,707
Office and general	509,396	496,065
Professional fees	116,218	61,671
Committees	158,811	152,618
Computer expenses	296,046	406,432
Amortization	103,991	103,991
Total administration costs	5,104,776	5,179,234
Total operating costs	5,578,058	5,398,599
Funding of operating costs		
Registration and examination fees	6,041,558	5,270,616
Investment and other income	239,239	87,767
Total funding of operating costs	6,280,797	5,358,383
Excess (deficiency) of revenues over expenses for the year	702,739	(40,216)
Operating Fund – Beginning of year	3,728,404	3,768,620
Operating Fund – End of year	4,431,143	3,728,404

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, 2023

	2023 \$	2022 \$
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, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Registration fees collected	4,260,100	4,796,139
Examination fees collected	647,470	596,744
Investment and other income received	318,609	149,160
Cash paid to suppliers and employees	(5,392,614)	(5,290,636)
	<u>(166,435)</u>	<u>251,407</u>
(Decrease) increase in cash during the year	(166,435)	251,407
Cash – Beginning of year	<u>5,572,787</u>	<u>5,321,380</u>
Cash – End of year	<u>5,406,352</u>	<u>5,572,787</u>

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

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2023

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

Basis of preparation

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, 2023 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, 2024 of \$19,360 (2022 – \$1,203,530) and fees relating to the last two months of the membership period to September 30, 2023 of \$968,628 (2022 – \$839,076).

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2023

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.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make payments for a period of greater than 120 days past due.

Financial assets measured at amortized cost include cash, cash in trust, accounts receivable 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.

No significant estimates are included in these financial statements.

3 Property and equipment

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

	2023		2022
	Cost \$	Accumulated amortization \$	Net \$
Office furniture	88,801	81,400	7,401
			22,200

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2023

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>2023</u>		<u>2022</u>
	Cost \$	Accumulated amortization \$	Net \$
Leasehold improvement	533,894	489,299	44,595
			133,787

4 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. As at July 31, 2023, the Corporation's accounts payable and accrued liabilities of \$89,914 are due within one year.

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. As at July 31, 2023, the Corporation's exposure to credit risk arising from its accounts receivables was \$30,625 (2022 – \$45,000).

Registered Insurance Brokers of Ontario

Notes to Financial Statements

July 31, 2023

5 Commitments

The Corporation is committed to making future minimum lease payments of \$142,218 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:

	\$
2024	119,991
2025	15,658
2026	6,569
	142,218

Note that RIBO is actively negotiating a new multi-year lease for office premises, the impact of which is not reflected in the table above.

6 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, 2023, the Fund comprised cash in trust of \$1,000,792 (2022 – \$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.



REGISTERED INSURANCE BROKERS OF ONTARIO

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