

STANDARDS

FOR

MANAGEMENT SKILLS

OF REGISTRANTS REGISTERED BY

RIBO

WITHOUT RESTRICTION

OR

“UNRESTRICTED”

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**PREFACE TO
STANDARDS FOR REGISTRANTS
REGISTERED BY RIBO WITHOUT RESTRICTION**

These standards for Management Skills of registrants registered by RIBO "without restriction" or "Unrestricted" have been adapted to conform to the provincially harmonized National Broker Skills Profile for general insurance brokers. They have been approved by RIBO Council for removal of the "Under Supervision" restriction on registration.

They are based on the Management Skills levels and describe in detail the skills and depth of knowledge which are required to pass the RIBO Management examination.

Three levels of knowledge have been defined in the National Broker's Skills Profile by the Insurance Brokers Association of Canada and they are Basic, Intermediate and Advanced. The required level of knowledge assigned under Skills Group #4 & 6 shows the Council's opinion of its importance to the management and successful operation of a brokerage.

It is hoped this document will be a useful guide for educators to follow in designing courses and seminars for potential candidates for this examination. It should also help applicants who choose self-study to prepare for the test.

SKILLS PROFILE FOR GENERAL INSURANCE BROKERS

DEFINITION

ADVANCED SKILLS:

When we say that a broker needs an advanced skill level in a particular area of expertise, we are saying that the broker needs to be able to **Synthesize and Evaluate** the knowledge and understanding of that particular area.

Definition of Synthesize: The broker originates, integrates and combines ideas into a product, plan or proposal that is new to him or her.

Definition of Evaluate: The broker appraises, assesses or critiques on a basis of specific standards or criteria.

Note: Throughout this entire document, the broker is required to have Advanced Skill Level in each area.

Skill #1: Industry Knowledge and Brokerage Ownership

Outline: Know and understand the roles of different components of the insurance industry. Be familiar with regulatory, legal and business issues of management, operation, ownership, purchasing or selling a brokerage.

Description:

The broker must have:

- 1) knowledge and understanding of the respective roles of agents, brokers, MGAs, insurers, underwriters and adjusters.
- 2) knowledge and understanding of the regulations and licensing requirements of the respective roles.
- 3) understanding of the concepts of re-insurance and Facility Association.
- 4) knowledge and understanding of the RIB Act, Regulations and By-laws.
- 5) knowledge of the regulations which affect insurance brokerages and fall within the jurisdiction of FSCO, Privacy Commissioner (PIPEDA), Ministry of Government Services, Ministry of Labour and other authorities.
- 6) understanding of issues involved in purchasing or selling a brokerage. This involves an understanding of business administration law, including legal forms of business and their associated responsibilities, elements of a contract, partnership/shareholders agreements, buy/sell agreements, employment law, commercial transactions and professional liabilities.

Skill #2: Manage Human Resources and Office Skills

Outline: Know and understand currently applicable employment legislation and issues of effective leadership of brokerage staff.

Description:

The broker must have:

- 1) understanding of the human resource issues which have an impact on the management of an independent brokerage. This includes understanding the behaviour of individuals, groups and organizational units.
- 2) knowledge and understanding of issues of organizational structure, time management, prioritization and delegation of authority.
- 3) understanding of human resource skills including planning, organizing, recruiting, orientation, training, performance management and performance appraisal. As well, knowledge of current employment legislation, compensation and benefits methods and of lawful ways to terminate employment is essential.

- 4) awareness of the many tools and techniques of people management and the various ways in which they interact in the workplace. An understanding of how leadership styles, motivational techniques, mentoring, training, coaching, delegation, and fostering individual professional/career development and personal growth influence the organizational structure and operating style is required as well.

Skill #3: Ethics & Professionalism

Outline: Develop and maintain highest standards of professional conduct at all times both personally and for staff of the brokerage. Comply with the RIB Act, Regulations and By-laws, as well as applicable legislation, regulations and directives.

Description:

The broker must have:

- 1) knowledge and understanding of the ethics of the vocation. This entails, as a minimum, strict adherence to the RIBO Code of Conduct (Ontario Regulation 991, Sections 14 & 15) and in particular, observance of the stipulations regarding confidentiality of client information, conflict of interest and the Privacy Act (PIPEDA). In this respect, a Principal Broker is required to ensure each member of staff of the brokerage observes current best practices in managing conflicts of interest. This entails placing the interest of policyholders and prospective purchasers of insurance ahead of the broker's own interests.
- 2) knowledge of RIBO Continuing Education requirements for all brokers. The broker should also have knowledge of the resources available for RIBO accredited education.
- 3) knowledge of all sections of the RIB Act, Regulations and By-laws. In addition, the broker must have knowledge and understanding of the relevant sections of legislation which govern the day-to-day activity of brokers. These include the Insurance Act, and all revisions affecting automobile insurance, as well as other relevant statutes and directives from the Financial Services Commission of Ontario (FSCO).
- 4) knowledge and understanding of exposures to Errors and Omissions and of steps to eliminate, reduce and control them.

Skill #4: Planning and Brokerage Management

Outline: Know and understand issues in strategic planning, financial management, operations management and succession planning.

Description:

The broker must have:

- 1) knowledge and understanding of business organizations from a general management perspective and of the issues involved in developing policies, procedures and planning.
- 2) knowledge of office management skills is also needed, including the management of books and records and procedures to ensure the confidentiality of customer information in compliance with the RIBO Code of Conduct and the Privacy Act (PIPEDA).
- 3) knowledge and understanding of the strategic planning process including assessment of the impact of external market changes, changes in public attitudes, relevant legislation and new technology.
- 4) knowledge of RIBO regulations affecting handling of Trust Assets, brokerage operations and Insurer/Broker agreements to bind coverage. The broker must also understand the impact that properly documented policies and procedures have on the efficiency of operations, compliance with regulations and control of Errors & Omissions exposures.
- 5) understanding of bookkeeping, RIBO regulations pertaining to the use and purpose of trust and operating accounts and the kinds of RIBO authorized investment instruments for trust funds.
- 6) knowledge of management accounting to effectively manage a brokerage. This includes the ability to read and understand financial statements (e.g. balance sheets, income statements), know the use and meaning of key ratios, generally accepted accounting principles (e.g. revenue recognition, depreciation) and understanding of the use of financial data (e.g. cash flow statements, cost allocations, budgets, costing methods and performance measurement).
- 7) knowledge of credit and payment policy development and application, as well as knowledge of financial planning including an understanding of the time value of money and methods of financial comparison.
- 8) knowledge of the various business continuity issues including succession planning and disaster planning.

Skill # 5: Business Development

Outline: Know and understand the techniques and skills required to build the brokerage through marketing, sales and service.

Description:

The broker must have:

- 1) knowledge of the difference between sales and marketing with the ability to integrate them into sales strategies, with knowledge of the management of all aspects of customer service.
- 2) ability to establish sales objectives and service standards and to implement service, sales and marketing concepts to fit into the strategic plan of the business. Ability is required to evaluate different prospecting, sales and promotional techniques such as target marketing, set realistic sales goals and objectives and make marketing decisions (including pricing and product decisions) based on sound research and analysis. Knowledge is also required of how to manage service and sales, including compensation schemes and performance evaluation.
- 3) knowledge of insurance markets with the ability to analyze and compare the terms of insurer's contracts and select those with which to do business. Understanding is also required of the way risks should be submitted to insurers and negotiated with them to elicit the desired response. This includes selection of those insurers most receptive to the particular risk being presented and providing full underwriting information and loss experience in every case. The broker must be careful when comparing quotations in reconciling the duty to the client with any obligation to insurers to meet production targets.

Skill #6: Information Systems Management and Brokerage Automation

Outline: Know and understand the application of information management and communication technology.

Description:

The broker must have:

- 1) knowledge of currently available communications and information management technologies and their applications in insurance brokerages. This includes electronic data processing using brokerage management systems and data communications through external networks. Understanding is also required of methods of technology and data administration including sources of systems information, data maintenance and back-up procedures, with knowledge of their application and management in insurance brokerage operations.
- 2) knowledge and understanding of the issues surrounding the security of data, its transmission and the application of policies and procedures to protect the information.

APPENDIX A

Additional Resources

- CCIR/CISRO Best Practices in Managing Conflicts of Interest
<http://www.ccir-ccra.org/en/init/iprc/iprc.asp>
- Financial Services Commission of Ontario
<http://www.fsco.gov.on.ca>
- Office of the Privacy Commissioner of Canada
https://www.priv.gc.ca/index_e.asp