



**ANNUAL REPORT**  
**2020 | 2021**

# RIBO COUNCIL 2020 - 2021

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



Peter Blodgett



Katie Mellor



Hugh Fardy



Rose Cavaliere



Cathy York-Sloan



George Longo



Royle Leung



Rick Orr



Thomas Watson



Teresa Rivero



Hadi Saleh



Christina Lee-Rotstein



Karol Pawlina



# Report from the President

**Katie Mellor**  
President

I am pleased to present the President's Report for 2020/2021.

The *Registered Insurance Brokers Act* was passed by the Ontario legislature in October of 1981, making this year, 2021, RIBO's 40<sup>th</sup> Anniversary. The government established RIBO as an independent self-regulatory organization (SRO) responsible for regulating the standards of practice and business conduct of Ontario's brokers, with a view to promoting the protection of the public. The existence of SRO's today is rare due to perennial concerns about professions acting in their own self-interest and not necessarily in the interest of the public. But back in 1981, the government of the day showed tremendous confidence in Ontario's insurance brokers and believed in their ability to do the right thing for clients and, more importantly, for the public at large. Forty years later, we continue to work hard to maintain that trust and to fulfill RIBO's mandate by regulating the broker profession in the interest of the Ontario public.

Ontario's Broker Professionals have been recognized not only for their skill and experience but also for their character and standards. The privilege of self-regulation is built upon this, and from a demonstrated ability to put their customer's interest first.

There are numerous safeguards in place to bolster and support RIBO's regulatory activities. For example, public members, appointed by the government, are a key component to RIBO's governance and regulatory activities. They sit not only on Council but also on our Complaints and Discipline Committees. In addition, the Minister of Finance receives the results of an annual regulatory audit of RIBO. This helps ensure that our activities align with our public protection mandate.

As we recognize RIBO's 40th anniversary, I must also acknowledge the challenges posed by the ongoing worldwide COVID 19 pandemic. We remain focused on evolving our policies and processes in response to pandemic restrictions. Of note is the introduction of online licensing exams, as well as the transition to online license applications. Increased investments in infrastructure and technology have made these developments possible, and more are on the horizon. We thank you for your support, flexibility and adaptability as we implement these changes. We also welcome feedback about how RIBO can better support its' members and facilitate compliance with the regulatory framework.

It has been my honour to serve as RIBO President during this momentous and exciting year. I look forward to my ongoing work on Council as Past President, and to continuing to help lay the groundwork for our NEXT 40 years!



# Report from the CEO

**Patrick Ballantyne**  
CEO

I am pleased to offer my report for the 2020/2021 year.

In the 2020 elections, Rick Orr ('20 and over' brokers category), as well as Rose Cavaliere and Thomas Watson ('under 20' brokers category) joined Council. Katie Mellor was appointed President by her Council colleagues. The remaining members of the Executive Committee included Peter Blodgett (Immediate Past President), Hugh Fardy (Vice President), Rose Cavaliere (Treasurer) and George Longo (Secretary).

As with so many of our licensees, RIBO remains engaged in an intense period of change, adaptation and evolution. There are few regulatory activities at RIBO that have not materially changed in the past year, I believe for the better. RIBO staff and Council are committed to continuous evolution and improvement. This is especially crucial during the ongoing pandemic.

During the early stages of the pandemic, RIBO entered into a strategic relationship with the Insurance Institute of Canada to offer online licensing exams. This proved to be a crucial development as it allowed new entrants to continue into the profession at a time when the need for their services was high. As this development proved successful, we now have in place arrangements with the Institute and the IBAO to administer our licensing exams, something they have expertise in, and the capacity to execute efficiently. RIBO still controls the content of the exam, and because we are no longer required to spend so much time on exam scheduling functions, we can focus on ensuring the exams remain relevant, and test on what a new broker needs to know.

With respect to the exam itself, we eliminated the narrative, or written component. It was determined that the written component added little if anything to the exam experience. The multiple-choice questions were sufficient, and also allowed for a more efficient marking process.

RIBO made two strategic hires in the past year. Jessica Harper came over from a senior policy role at the Ministry of Finance and took over as our new Director of Qualification and Registration. She has, among other things, led our efforts to modernize our exam process.

We also hired Sam Natur as RIBO's first Director of Information Technology. Working with Jessica, they have been able to overhaul our licensing process. This is another process evolution enabled, and indeed necessitated, by the pandemic. A year ago, the entire licensing process, exams included, was paper based. With the support and direction of Council, we have removed virtually all paper from the licensing process and brought it entirely online. In the vast majority of situations, RIBO is now able to offer a 7 day or better turnaround time for licenses approvals.

We have also brought the CE course approval process online. Now, rather than staff, brokers themselves are reviewing the material to determine whether accreditation should be granted, as well as the number of hours that should be assigned. The theory is that brokers, as consumers of the product, are in the best position to determine the quality of the product. It is a natural SRO-type activity.

Over in the Complaints and Investigations department, they too were impacted by the lockdowns. In-person spot checks, or broker reviews, were, and are still no longer an option. However, Tim Goff and his team transitioned the in-person check to one that takes place entirely online. So far, we have been satisfied with the process and we will continue to seek better ways to carry out this important oversight function.

RIBO introduced an online public complaints portal. The vast majority of complaints are routed through this, enabling staff to review and understand them, and in many instances commence addressing the complaint even before we talk with the complainant directly (which we aim to do within 24 hours of receipt). This has improved our complaints management capabilities. Further, a large majority of complainants have indicated to us that they found this online process easy to navigate and effective.

Complaints' meetings, Discipline hearings and Qualification and Registration hearings are now entirely online through the Zoom platform. Discipline Hearings are a crucial aspect of our public protection mandate, so being able to offer them online was a necessary, albeit challenging, endeavor. There are numerous legal requirements that must be addressed, including issues of fairness to the broker.

We were also able to hold our AGM online. That is an important development as it makes participation much easier for those outside of the GTA. This, we believe, supports our efforts toward better governance.

In summary, it has been another year of dramatic change at RIBO. As we end this year and prepare for 2022, we will continue to look for opportunities to better protect the public, and to oversee the brokers who serve them.



# Report of the Professional Development Committee

**Cathy York-Sloan**  
Chair

The *Registered Insurance Broker 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 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 there are probable grounds to substantiate the complaint against a registered broker or not. The complainant is asked to provide his/her written complaint to RIBO, along with any relevant support documentation.

Once the written complaint is received by RIBO, an enquiry file is opened and assigned to an investigator for further examination. Additional information 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 1190 new intake complaints last year, which is a slight increase over the intake complaints from the previous year. The Complaints Officer attempts to resolve as many of the intake complaints within RIBO's jurisdiction as possible. Of the 1190 intake complaints, approximately 90% of the intake complaints were resolved without further action needed.

- 79 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 104 active files, meaning investigations or complaints proceedings were already in progress from the previous year.
- 71 files were resolved and closed this year, leaving 112 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 Committee 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, 1 of the files were closed in the broker’s favour with 5 cases raising issues regarding misconduct, resulting in referral to the Discipline Committee for further review.
- Of the 5 cases that raised issues regarding misconduct, 3 were referred directly to the Discipline Committee for hearings and 2 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 4 days during the year. 3 cases were presented for approval on a consent basis and 4 required a hearing.
- 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 148 reviews (144 spot checks and 4 broker reviews), of which 5 resulted in any kind of formal proceeding. There was 1 review in progress with follow up at fiscal year-end included in the total number of reviews. This year the goal is to conduct 240 spot checks. During COVID-19, the spot checks are conducted remotely.

## Professional Development Charts

### Source and Type of Complaint Files

Source	20/21	19/20
Non - Compliance	18	17
Public	37	35
Member Brokers	10	19
Insurers	3	5
Lawyers	2	1
Government & Other Sources	9	7
Total	79	84

Type	20/21	19/20
Code of Conduct	61	72
Other Misconduct	0	0
Delinquent Filing	4	0
Trust Funds	3	8
Equity Requirements	5	3
Financial Records	6	0
Non-Compliance (other regs.)	0	0
Criminal Allegations	0	1
Total	79	84

Disposition of Disciplinary Proceedings	20/21	19/20	18/19
Certificate of Registration Revoked	2	1	0
Certificate of Registration Suspended	0	1	3
Certificate of Registration Restricted	0	0	0
Attendance at Education Course Ordered	1	2	4
Additional Financial Reports Ordered	2	1	6
Fines, Payable to Ministry of Finance	1	3	6
Registrant Reprimanded	2	4	11
Dismissed in Broker's Favour	0	0	1
Adjourned	2	1	1





# Report of the Qualification and Registration Committee

**Hugh Fardy**  
Chair

It has been a great privilege to serve as the Chair of the Qualification and Registration Committee and oversee the changes that RIBO has made in response to the global pandemic. Many of these changes would not be possible without strengthening our ongoing partnerships during these challenging times.

Moving our RIBO exams online last year, was a first and necessary step for RIBO, given the unavailability of in person licensing exams. In partnership with the Insurance Institute of Canada (IIC), RIBO was able to establish an online self-registration framework for RIBO's virtually proctored examinations that have been delivered by the IIC since May 2020. In response to an overwhelming demand for increased accessibility and availability for our exams, RIBO also worked to establish on-site proctoring policies and procedures for individuals to write paper-based exams in brokerage using a neutral third-party proctor. RIBO also partnered with the Insurance Brokers Association of Ontario (IBAO) to offer online self-registration for all RIBO exams which are now delivered by the IBAO (either paper-based or online) on RIBO's behalf.

RIBO has also made a number of technological advancements to its licensing and registration processes by moving the application for new licenses online which has resulted in improved service levels, getting brokers into the workforce much sooner after successfully completing their exams. New advancements are also being made with the Membership portal to support registrants throughout the renewal process. Improvements include ensuring registrants have access to automatic password resets and enabling online filing of position reports online through the membership portal.

The Committee continues to be engaged in reviewing educational and professional requirements that support RIBO registrants in maintaining a high standard of professional competence and public protection, including reviewing existing exam requirements for all registrants. RIBO recently updated the definition of the Ethics category for required continuing education courses. It now incorporates concepts such as diversity, equality, and inclusion (DEI) into broker education. The changes will allow course providers to offer DEI courses for brokers to complete their ethics hours. The Committee was engaged on a number of items this year, including transforming the Entry Level Broker Level 1 exam into a 100 per cent multiple choice exam.

The Qualification and Registration Committee continued to convene remotely on a monthly basis and experienced no impediment to their regulatory responsibilities.

The following statistical summary details the work of the Committee and department over the last fiscal year (August 1, 2020 - July 31, 2021):

Level I - New Brokers - Acting Under Supervision	20/21	19/20	18/19
Total Exams Written (including equivalency exams)	2,799	2,712	3,409
Pass Rate (including equivalency exams)	453	63%	62%
Pass Rate (full basic-broker exam) for those attending a course	250 (55%)	73%	69%
Pass Rate (full basic-broker exam) for those not attending a course	2,346	63%	60%

Level II - Removal of Restriction	20/21	19/20	18/19
Unrestricted Technical Exams Written	5	17	17
Pass Rate	60%	18%	12%
Management Exams Written	48	42	92
Pass Rate	52%	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.

COMMITTEE DECISIONS	Granted	Refused
Application for Secondary Business Exemption	137	0
Application for Removal of Restrictions	110	0
Other	9	0

The Committee reviewed a total of 147 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 137 secondary business exemptions, none were refused. Five 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 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. Only one hearing was held in respect of a review of a secondary business exemption request.

HEARING SUMMARY		20/21	19/20	18/19	17/18	16/17
Review of Qualification to hold a certificate	Granted	0	0	1	0	0
	Refused	0	0	0	3	0
Application for Exemption Secondary Occupation	Granted	1	0	0	0	0
	Refused	0	0	0	0	0
Application for Removal of Restriction	Granted	0	0	0	0	0
	Refused	0	0	0	0	0
Other	Granted	0	0	0	1	0
	Refused	0	0	0	0	0
<b>Total</b>		<b>1</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>0</b>

All applicants have the right to request a hearing after the Committee has considered and proposed to refuse registration, exemption or has proposed to restrict, revoke or not renew an existing registration.

REGISTRATION	20/21	19/20	18/19	17/18	16/17
Individual Registrants	18,630	18,999	19,628	19,485	19,185
Corporations	928	941	1,023	1,021	1,048
Partnerships	11	11	13	13	14
Sole Proprietorships	3	4	5	5	6
Consultants	9	9	12	10	10
MGA/Wholesalers	60	56	59	56	56
Active Businesses	*1.011	*1.021	*1.112	*1.105	*1.134
Average number of individual registrants per business	18.43	18.61	17.65	17.63	16.92

*\*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.

## 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 **Darlene Carleton, Principal Broker of One Insurance Group Ltd.**

## Donald W. Lambie Award

This award is presented in recognition of Mr. Lambie's commitment to self-regulation and his outstanding contribution to the broker profession. Mr. Lambie is one of RIBO's founding fathers and also acted as the first President.

The Donald W. Lambie Award is presented to the individual with the highest mark in the initial RIBO qualification examination. This year's recipient is **Matthew Bassani of Marsh Canada Limited.**

We would like to congratulate the award winners and we look forward to recognizing their achievements at the Annual Meeting on November 4, 2021, which will be held virtually.

I would like to thank my fellow Committee members for their ongoing engagement and support as well as the Qualification and Registration department for their continued leadership and dedication to continuous improvement.

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 2020 - 2021

‘RIBO’s staff continues to make every effort to provide fair and helpful service to our licensees and to the public’.



First Row (L-R): Tim Goff, Vera Raposo, Barbara Reid, John Goldsmith, Lise Clements  
Second Row (L-R): Winston Koo, Jorge Guzman, Wendy Wu, Erica Lo, Chris Casey  
Third Row (L-R): Irene Chung, Debbie Lee, Jessica Harper, Diana Campoli, Calvin Chan  
Fourth Row (L-R): Tracy Cullen, Michael Buck, Christopher Thorn, Sam Natur, Valrie Bailey  
Fifth Row: Patrick Ballantyne  
Absent: Angela Daley, Arthur Kosikowski, Laurie Reynolds, Joanne Strangis

# **Minutes of the Thirty-Ninth Annual General Meeting of Registrants of the Registered Insurance Brokers of Ontario held on Thursday, November 5, 2020 at 1:30 p.m. virtually by way of ZOOM platform.**

## **Opening of Meeting**

The outgoing President, Peter Blodgett, introduced members of the Board for 2020 that were in attendance via Zoom video conference. They were: Scott Bell, Rose Cavaliere, Cathy York-Sloan, Hugh Fardy, Jack Lee, Royle Leung, George Longo, Katie Mellor, Christina Lee-Rotstein, Karol Pawlina, Teresa Rivero and Hadi Saleh.

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 Christopher Thorn and Gustavo Bandon 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 via Zoom Video.

## **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 at the virtual meeting, 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 7, 2019 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 Katie Mellor and **seconded** by Jack Lee that the Minutes of the November 7, 2019 Annual Meeting be approved as presented. **Motion Carried.**

## President's Report

Peter Blodgett thanked all of those who joined us today for our very first virtual Annual and General Meeting. While the circumstances have been trying for all of us, he is proud to have addressed them with the enthusiastic support of fellow members of Council and RIBO staff.

In the fall of 2019, Ontario was in the throes of a disruptive and unsettled market. Adding to those challenges, we were hit by the global Covid-19 pandemic. RIBO's duty to guide and protect consumers was only heightened by these conditions. What is best for insurance consumers is not a relative concept. RIBO does not hold brokers to a *lesser* standard just because they are working in a more challenging environment. In fact, consumers need to know RIBO understands these challenges and is ready to intervene when and where necessary. Our duty to protect consumers is only *heightened* by these conditions, and RIBO staff and Council will always do whatever is necessary to ensure brokers treat customers fairly.

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

Clearly, the pandemic has resulted in *unprecedented* rough waters. The impact on the world's population may linger long after its immediate health threat. Although, several months have passed since it began, the total damage to the global economy can only be speculated upon. We can be sure, however, that as a global society, we will eventually emerge from these dark days, albeit living in what will be deemed as a 'new normal' way of life.

As with many of us, RIBO staff have been instructed to work from home whenever possible. This was done with a view to mitigate against the further spread of the virus. This impacted licensees and applicants, particularly through occasionally slower-than-optimum processing of new applications for registration. For a short period of time during the onset and uncertainty of the pandemic, licensing exams were unavailable. 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 essential part of the province's insurance ecosystem, have continued working through the challenges and finding ways to serve clients safely and efficiently. Brokers and their clients in different regions of the province were faced with complications unique to that region. For many of us, new practices had to be developed and adopted to ensure the continuity of professional service.

Similarly, at RIBO, Council and staff have been focused on responding to the challenges and opportunities posed by the pandemic. RIBO is evolving so as to better serve all of our stakeholders. New practices and processes have been established. For example:

Transition to online broker reviews, or spot checks. These have already proven to be effective and supported by licensees.

Utilizing zoom, we have established a protocol for holding online complaints meetings.

Planning for online Discipline hearings, as well as Qualification and Registration hearings.

Working with and through the Insurance Institute of Canada, RIBO has introduced online licensing exams, a project that has been cumbersome and challenging, but absolutely essential for our ability to meet the needs of our members. This is a major development over where we were in March 2020 and it continues to evolve.

Working with the IBAO and other stakeholders to facilitate in-person exams in remote locations. Helping to make licensing exams available will remain a priority for the RIBO team.

Implementation of numerous technology improvements, including office 365 with Teams, as well as enhanced cyber security. This helps ensure that staff have access to the tools necessary to work remotely while minimizing potential security risks.

Staff are also actively discouraging filings and submissions in paper form and identifying ways to further our transition into a more digital working environment.

Council is confident that these operational changes, along with some new and strategic hiring, will support and improve the applicant, licensee and consumer experience in the years ahead.

## Presentation of Chris Ward Memorial Award

The Chairperson advised that this year's recipient of the Chris Ward Memorial Award is Meghan Paczkowski of McLean & Dickey Ltd. 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's recipient of the Donald W. Lambie Education Award is Kevin Barker of Muskoka Insurance Brokers Ltd. for his 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, 2020. He requested that a copy of the Annual Report be filed with the Minutes of this meeting.

It was **moved** by Scott Bell and **seconded** by Hugh Fardy that registrants approve the adoption of the Annual Report of the Corporation for the year ended July 31, 2020, 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** Hugh Fardy and **seconded** by Katie Mellor 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 and elected, respectively, to Council this year in the under 20 broker category are Rose Cavaliere and Thomas Watson and the candidate acclaimed to Council in the 20 and over broker category is Rick Orr.

The Chairperson congratulated and welcomed Rose Cavaliere, Thomas Watson and Rick Orr to RIBO Council and thanked retiring directors Jack Lee and Scott Bell for their support and contributions over the past 6 years.

The Chairperson called CEO, Patrick Ballantyne, to say a few words about Don Lambie who has been a fundamental part of RIBO's past, present and future.

## 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 his appreciation to all registrants joining the meeting virtually this year.

He then requested a motion from the floor to adjourn the meeting.

At 2:11 p.m., there being no further business, it was **moved** by Jack Lee that the meeting be adjourned, whereupon the Chairperson declared the meeting adjourned. **Motion Carried.**

# **Registered Insurance Brokers of Ontario**

Financial Statements  
**July 31, 2021**



## Independent auditor's report

To the Registrants of Registered Insurance Brokers of Ontario

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### 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, 2021 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, 2021;
- 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.

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### 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 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.



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## **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.

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## **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 15, 2021

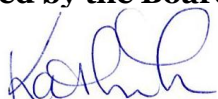
# Registered Insurance Brokers of Ontario

## Balance Sheet

As at July 31, 2021

	2021 \$	2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 2)	5,321,380	4,984,480
Cash and investment in trust (notes 2 and 7)	1,000,792	1,000,792
Prepaid expenses and sundry assets (note 2)	142,208	39,459
	<u>6,464,380</u>	<u>6,024,731</u>
<b>Intangible assets</b> (note 4)	-	40,647
<b>Property and equipment</b> (note 3)	259,979	363,970
	<u>6,724,359</u>	<u>6,429,348</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 2)	96,000	37,765
Unearned revenue (note 2)	1,858,947	1,459,589
	<u>1,954,947</u>	<u>1,497,354</u>
<b>Fund Balances</b>		
<b>RIBO Professional Indemnification Fund</b> (note 7)	1,000,792	1,000,792
<b>Operating Fund</b> (note 7)	3,768,620	3,931,202
	<u>4,769,412</u>	<u>4,931,994</u>
	<u>6,724,359</u>	<u>6,429,348</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, 2021

	2021 \$	2020 \$
<b>External costs of regulation</b>		
Qualification and registration	297,326	161,113
Complaints and disciplinary investigations and hearings	17,561	56,015
Consumer protection expenses	60,263	58,284
	<u>375,150</u>	<u>275,412</u>
<b>External costs of communication</b>		
Bulletins and mailings	4,850	9,650
Election expenses	52,309	-
Annual meeting	8,434	21,256
Communication with other associations	4,674	24,240
Other communication expenses	26,263	73,263
	<u>96,530</u>	<u>128,409</u>
<b>Administration costs</b>		
Salaries and employee benefits	3,198,257	3,006,531
Rent, property taxes and utilities	476,323	476,449
Office and general	462,162	374,009
Professional fees	74,091	18,456
Committees	66,488	82,085
Computer expenses	379,576	394,487
Amortization	144,639	198,589
	<u>4,801,536</u>	<u>4,550,606</u>
	<u>5,273,216</u>	<u>4,954,427</u>
<b>Funding of operating costs</b>		
Registration and examination fees	5,016,133	4,722,814
Investment and other income	94,501	147,234
	<u>5,110,634</u>	<u>4,870,048</u>
<b>Deficiency of revenues over expenses for the year</b>	(162,582)	(84,379)
<b>Operating Fund – Beginning of year</b>	<u>3,931,202</u>	<u>4,015,581</u>
<b>Operating Fund – End of year</b>	<u>3,768,620</u>	<u>3,931,202</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, 2021

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	2021 \$	2020 \$
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, 2021

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	2021 \$	2020 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Registration fees collected	4,589,930	3,974,952
Examination fees collected	748,802	563,110
Investment and other income received	171,260	216,900
Cash paid to suppliers and employees*	(5,173,092)	(4,733,589)
	<hr/> 336,900	<hr/> 21,373
<b>Increase in cash during the year</b>	336,900	21,373
<b>Cash – Beginning of year</b>	<hr/> 4,984,480	<hr/> 4,963,107
<b>Cash – End of year</b>	<hr/> <hr/> 5,321,380	<hr/> <hr/> 4,984,480

\*Comparative figures have been adjusted to conform with the current period presentation (note 2).

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

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2021

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### 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, 2021 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, 2021 of \$1,076,580 (2020 – \$713,210) and fees relating to the last two months of the membership period to September 30, 2020 of \$782,367 (2020 – \$698,860).

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2021

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### 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.

### Changes to comparative figures

Certain comparative figures in the statement of cash flows have been reclassified to conform to current year's presentation. Specifically, prior period increase related to capital assets of \$198,589 was reclassified to cash paid to suppliers and employees of (\$4,932,178), resulting in the amount of (\$4,733,589). There is no material impact to the financial statements as a whole.

## 3 Property and equipment

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

	2021		2020	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture	88,801	51,801	37,000	51,801

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2021

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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.

			2021	2020
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Leasehold improvement	533,894	310,915	222,979	312,169

### 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.

			2021	2020
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer software	243,883	243,883	-	40,647

### 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. At July 31, 2021, the Corporation's accounts payable and accrued liabilities of \$96,000 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. At July 31, 2021, the Corporation's exposure to credit risk arising from its accounts receivables was \$106,440 (July 31, 2020 – \$200).

# Registered Insurance Brokers of Ontario

## Notes to Financial Statements

July 31, 2021

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### 6 Commitments

The Corporation is committed to making future minimum lease payments of \$637,138 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:

	\$
2022	258,170
2023	262,517
2024	116,451
	<hr/>
	637,138
	<hr/>

### 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, 2021, the Fund comprised cash in trust of \$1,000,792 (2020 – \$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.