

# RIBO 1 RIB Act & By-Laws Notes

---

**Note: the numbers below correspond to the section/subsection numbers in the Act**

## **Registered Insurance Brokers Act – Chapter R.19**

<https://www.ontario.ca/laws/statute/90r19>

### **Section 1 – Definitions:**

1. NOTE: member of the public = client, basically. Act = this RIB Act.
1. Applicant: applies for registration under the Act (can be a person, partnership or corporation)
2. Authority (in 2019) = the Financial Services Regulatory Authority of Ontario (as per Financial Services Regulatory Authority of Ontario Act)
3. Board of Inquiry = appointed by Council
4. Certificate: any certificate issued under Act
5. CEO (in 2018) = CEO appointed under 10(2) of the Financial Services Regulatory Authority of Ontario Act
6. Complaint Committee: established by Council under the Act to handle complaints
7. Contract = same as Insurance Act (excludes life insurance in this case)
8. Corporation = RIBO
9. Council = the RIBO council
10. Discipline Committee = any discipline committee established under the Act
11. Incapacitated Member = suffering a physical or mental condition that makes it not in the public interest to have them carry on business as an insurance broker (or apply restrictions)
12. Insurance = same as Insurance Act
13. Insurance Agent = same as Insurance Act
14. Insurance Broker = deals with the public in insurance matters for compensation (i.e. sales guy) and...
  - a. Negotiates contracts of insurance (i.e. binding & signing)
  - b. Risk management services
  - c. Insurance advice
  - d. Holds themselves out as insurance consultants
15. Manager = manager of RIBO
16. Member = individual, partnership or corporation registered under the RIB Act to work as an insurance broker
17. Minister = Minister of Finance or other member of Executive Council responsible for administering the Act
18. Misconduct = defined by regulations
19. Person: includes partnerships and unincorporated associations
20. Public: persons other than insurers, brokers, adjusters, agents
21. Qualifications & Registration Committee: those established under the Act
22. Registered Insurance Broker: authorized by Act to carry on biz as broker
23. Superintendent = Superintendent of Financial Services appointed by Financial Services Commission of Ontario Act

### **Section 2**

1. Can't act as a broker unless you're a registered broker under this Act

2. #1 doesn't apply to:
  - a. Lawyers, actuaries, accountants doing their job (i.e. gives some insurance advice)
  - b. Insurance agents licensed in Insurance Act (i.e. those from outside ON)
  - c. Insurance adjuster licensed in Insurance Act
  - d. Reinsurance-only broker (can be individual, partnership or corporation)
  - e. Travel Industry Act people (if only selling travel-related insurance)
  - f. Clerical or office employee of a registered broker
  - g. Salaried employee of insured tasked with procuring insurance & not compensated by broker/insurer (i.e. employee of a corporate customer)
  - h. Trustee under this Act
  - i. Insurer or "employee" not soliciting, negotiation or otherwise procuring insurance
    - i. "employee" = employee, director, officer
  - j. Other people exempted by Regulations
3. Can't present yourself as a certified member unless you're actually certified under this Act
  - a. Can't use: "Registered Insurance Broker", "RIB", "CAI", etc. unless certified in Act
4. Registered Insurance Brokers of Ontario = Courtiers d'assurances inscrits de l'Ontario in French = "the Corporation"
  - a. Corporation can deal with real property and personal property for purposes of the Act
  - b. Corporation has power to do duties given by this Act
5. Registered w/ RIBO = RIBO member
  - a. Resign by filing with Manager in writing (still subject to any disciplinary actions)
  - b. Manager can cancel registration for non-payment of fees after 1 month's written notice
  - c. Suspended members are still subject to the Corporation's jurisdiction RE: this act
6. Council governs and manages the RIBO
  - a. Composed of: 8 elected members & 3 non-members selected by Lieutenant Governor in Council (replaced by Regulation 989 below)
  - b. Lt. Gov can vary size of council but  $\geq \frac{1}{4}$  must be non-members selected by Lt. Gov
  - c. @ start of Act, Lt. Gov appoints the 8 members (3 year max, 2 terms max)
  - d. Appointed members serve max 2 terms @ 4 yrs/term
    - i. Must be in good standing, no misconduct or incompetent, & not revoked/suspended in the previous 6 years
7. Any member who is registered & fully paid can vote for Council members
8. Council elects President + some VP's annually every first Monday of November
  - a. Appoints managers & officers as necessary to do work for Corp.
  - b. Quorum if > 50% of council (including 1 non-corp member) is present
9. Superintendent has an interest in the Corp since they represent the "public"
  - a. Corp must hand over info & financial statements when requested
10. Give members & the Minister an annual report within 4 months of fiscal year end
  - a. Containing:
    - i. Financial statements & auditors report
    - ii. Summary of complaints against members (sorted by source, type and disposition)

- iii. Summary of disciplinary proceedings (sorted by source, type and disposition)
    - iv. Summary of applications & their disposition
    - v. Membership statistics of the Corp (sorted by size & member type)
    - vi. List of policy matters under review
    - vii. Any other relevant information (or those requested by Minister)
  - b. CEO examines affairs of Corp annually & reports to Minister; then Minister shows CEO & Corp reports to Assembly bore or @ next session
11. Council can pass by-laws that follow this Act RE: admin/domestic affairs of Corp
- a. Such as:
    - i. Seal of corporation
    - ii. Execution of docs by Corp
    - iii. Setting fiscal year & auditing accounts & transactions
    - iv. Setting procedures for electing, filling vacancies & prescribing duties of President, VP's & other officers
    - v. Holding/conduct of Council meetings & Council member duties
    - vi. Holding/conduct of member meetings
    - vii. Setting compensation & biz expenses of Council members
    - viii. Appoint, compose & grant duties to committees as required (fill vacancies & set quorum)
    - ix. Prescribing forms & their usage
    - x. Setting procedures for making, amending & revoking by-laws
    - xi. Management of Corporate property
    - xii. Setting annual fees, special assessments & certification/exam fees
    - xiii. Borrow \$/mortgage property of the Corporation
    - xiv. Using funds of the Corporation (i.e. in investments)
    - xv. Setting membership classes & their conditions (i.e. licensing restrictions)
    - xvi. Record keeping of Corp, Council, Committees & Members
    - xvii. Set rules RE: nomination, election & terms of office of elected members, filling vacancies & contested elections
    - xviii. Composition of the Council
    - xix. Matters RE: issuing, renewal, suspension & revocation of certificates
    - xx. Expiration, qualifications & renewals of certificates
    - xxi. Standards of practice for RIB
    - xxii. Setting/Requiring continuing education programs to ensure competence
    - xxiii. Returns, reports, information to/from members, Superintendent, public, etc.
    - xxiv. Maximum fines for misconduct ← repealed in 2017
    - xxv. Rules of practice & procedures for hearings (i.e. disciplinary hearings)
    - xxvi. Other things as required to be efficient & achieve goals of the Corp
  - b. Forward new by-laws to CEO & make them available for public inspection @ the Corp office
  - c. By-law/Resolution = valid if signed by all Council members at a duly called meeting

12. Council shall establish & appoint:
  - a. The following committees:
    - i. Qualification & Registration Committee
    - ii. One or more Complaints Committees
    - iii. Discipline Committees
    - iv. & others from time to time
  - b. Lt. Gov can appoint a non-member to serve on the Complaints & Discipline Committees for  $\leq 2$  terms of 4 years each
13. Manager issues Certificates/Renewals if applicant qualifies under the Act & passes exams
  - a. Qualification & Registration Committee (QRC) double checks refusals. Extra classes may be required (i.e. ethics classes)
  - b. QRC determines eligibility of applicants & tells Manager to accept/refuse
  - c. QRC may also place limits on Certs until applicant demonstrates competence
  - d. Manager keeps records of Cert recipients w/ renewals, terms, suspensions, termination, cancellations, etc. as per QRC or DC
14. Manager notifies applicant w/ refusal reason & applicant has 15 days to request a dispute hearing in writing
  - a. No notice required for people previously registered or Disciplinary refusals
  - b. Notification lets them know that they're entitled to a QRC hearing if they mail in within 15 days
  - c. If no hearing is required, application is refused
  - d. Facts used in hearing must be based on admissible evidence (must comply with section 15, 15.1, 15.2 & 16 of the Statutory Powers Procedure Act)
  - e. Procedures in Section 19 a,b,c,d,f,g apply here with modifications
  - f. After hearing, Committee can:
    - i. Confirm the decision (to refuse)
    - ii. Approve but require other exams/training (i.e. ethics training)
    - iii. Tell Manager to approve the application
15. Complaints Committee (CC): Council determines # of members but at least 1 must be a 'lay-person' or non-member councilman.
  - a. Council can appoint any member to the Complaints Committee
  - b. Cannot be both a Discipline Committee (DC) & CC member at the same time
  - c. Council appoints 1 member of each Complaints Committee to chair it
  - d. Quorum = if > 50% members present
16. Duties of CC: investigate complaints RE: conduct of members
  - a. Can't refer to discipline committee unless:
    - i. A written complaint filed w/ Manager & member is given 2 weeks to provide a written explanation
    - ii. Committee has (made reasonable efforts to) examine all related info (records & documents)
  - b. After receiving information, CC may:
    - i. Refer case to DC

- ii. Not refer (the case to DC)
  - iii. Take actions according to RIB Act/laws
- 17. Council appoints DC members but  $\geq 4$  must be non-member Councilmen or non-member lay-person panelmen.
  - a. Council can appoint any member to DC
  - b. Council appoints a DC member to chair it
  - c. Chair picks 5 committee members [ 1 must be a lay-person (aka. appointed by Lt. Gov to lay-person panel or Council) ] to hold a hearing
    - i. If Quorum is present, this group can exercise all powers of the DC
  - d. Quorum = 3/5 members & can impose disciplinary actions by majority vote
  - e. If a lay-person becomes 'disabled' during a hearing, the remaining members can continue
  - f. Council directs DC to hold hearings for member misconduct/incompetence
- 18. Powers of the DC
  - a. The DC shall:
    - i. Hear & decide allegations of misconduct or incompetence as directed by Council or CC
    - ii. Determine matters referred to it by CC or for reissue/rescission of suspensions/certificates
    - iii. Perform other duties assigned by Council
  - b. In the case of hearings:
    - i. Consider allegations, evidence, & facts
    - ii. Determine if the allegations were proved
    - iii. Decide if member is guilty of misconduct or incompetence
    - iv. Determine penalty
  - c. A member can be found guilty if:
    - i. The offence is relevant to the member's suitability to carry on business as a RIB
    - ii. Misconduct is the same as defined in the regulations (in the opinion of the DC)
  - d. Incompetence = serious lack of knowledge, skill or judgement or serious disregard for the welfare of the public
  - e. If DC finds them guilty:
    - i. Revoke their certificate
    - ii. Suspend their certificate
    - iii. Impose restrictions/conditions for a time
    - iv. Reprimand & record
    - v. Impose a fine < maximum legal limit
      - 1. Fine goes to Treasurer of Ontario for the Consolidated Revenue Fund
    - vi. Suspend or postpone the penalty
    - vii. Require the member reimburse the complainant for costs incurred for hearing
  - f. If proceedings are unwarranted, the member is reimbursed for costs
  - g. If DC revokes, suspends or restricts license, it is effective immediately unless appeal court orders otherwise.

- h. Complainant gets copy of guilty decision
  - i. If DC member's term ends mid-hearing, they stay on until the end of the hearing
- 19. The Corporation & accused member = parties to the proceedings
  - a. The accused can examine evidence before the hearing
  - b. DC members @ the hearing cannot have taken part in investigation or other prep work
  - c. ~~Hearings are held in private. Accused can request a public hearing unless Manager thinks: ← repealed in 2017~~
    - i. ~~Matters involving public security~~
    - ii. ~~Disclosure of intimate financial/personal matters outweighs public benefit~~
  - d. Oral evidence given at hearing is recorded. All parties get transcript
  - e. Finding of Facts/Evidence: same as 14d (above)
  - f. Only DC members at the hearing can participate in decision
  - g. Documentary evidence released w/ in a reasonable time after the issue is settled
- 20. If manager thinks member = incapacitated (unable to carry on work), he investigates and reports to Council who then pick 2 members + 1 Lt. Gov appointee (=board of inquiry) to inquire further
  - a. Board of Inquiry can submit member to physical/mental exam. Refusal = Cert suspended until you comply
  - b. Report finding to Council & the member. Council can refer case to QRC & suspend their Cert until capacity is verified
  - c. Corp, member & others chosen by the QRC are parties to the proceedings
  - d. A Dr is only required to produce a signed report of medical facts, treatments, conclusion, etc. when:
    - i. Required by a Corp ≥ 5 days before hearing starts
    - ii. Evidence is required by the accused with ≥ 5 days before the hearing starts
    - iii. The party not calling the report as evidence can cross examine the Dr.
  - e. QRC, after hearing can:
    - i. Determine capacity of the member
    - ii. Revoke Certificate if incapacitated
    - iii. Suspend their Certificate for a time
    - iv. Attach terms & conditions as required
- 21. Any party can appeal decision to the Divisional Court (can appeal regarding laws or facts)
  - a. Courts can overturn, agree, direct the committee/Corp to do something, or require committee retry the case as per their instructions (has same power as the committee)
- 22. Can apply @ any time to Manager to get Certificate or suspension removed
  - a. Manager makes referrals to DC or QRC for hearings for these types of decisions
- 23. If the member doesn't comply w/ decisions, Corp can apply to Ontario Court to order compliance
  - a. Can also appeal this to a Divisional Court
- 24. If guilty of misconduct regarding property in the member's control. An Ontario Court judge can order that the property not be dealt with by member w/o a judge present
  - a. Trustees:
    - i. If the biz of a member is:

1. Neglected (in a way that harms others)
  2. Interests of people aren't protected
  3. Trust funds converted
- ii. An Ontario Court judge can appoint a trustee to take possession of the property or biz to carry on, preserve or wind it up
  - b. Trustee takes the place of member as their representative (i.e. on a committee if they're on one)
  - c. Anyone can appeal to Ontario Court judge regarding "seizure" or property or appointment of trustee
  - d. Trustee compensated at judge's discretion
25. Manager or their substitute can appoint someone (who reports to 'Manager') to investigate if they believe, on reasonable & probable grounds, that misconduct or incompetence has occurred
  - a. If investigating misconduct/incompetence RE: trust funds, appointees shall include 2 people to represent the involved insurers (it's their funds after all)
  - b. Powers of investigators:
    - i. Examine the accused's practices
    - ii. Enter the biz to examine docs & other things relevant to investigation
  - c. Cant obstruct, withhold, conceal or destroy 'evidence' (i.e. books, records, documents)
  - d. Search warrant: can be requested by investigator
    - i. Issued by a Justice of the Peace if there is reasonable grounds to believe that there is something relevant to be found
    - ii. Authorizes investigator to enter & search during daytime unless exempted
  - e. Can take relevant documents & make copies
    - i. Must be done w/ reasonable dispatch & returned promptly
  - f. Certified copies of the above docs = admissible as evidence in absence of originals
  - g. Manager reports results of investigation to Council or others as necessary
26. Confidentiality:
  - a. Must keep all matters from duties herein confidential except:
    - i. Required for Act/regulations
    - ii. (Legal) council
    - iii. W/ the consent of the subject's consent
  - b. Persons above cannot be compelled to testify in a civil suit unless related to Act/regulation
  - c. Any info disclosed during registration application = privileged = ineligible as evidence in civil/court action
27. REPEALED
28. Every member must have a mailing address in ON registered w/ Manager that can receive registered mail service
  - a. Legal docs served by registered mail (= to being served personally)
  - b. Members deemed an ON resident for civil action (resident of the mailing address' county)

29. Notices/documents sent to last known address & considered served on the 5<sup>th</sup> day after mailing.  
Unless, person honestly (in good faith) did not receive the letter until later (i.e. due to illness)
  - a. Registered address = last known address for  $\leq 1$  yr after membership ceases
  - b. QRC & DC & CC's have power to administer oaths related to proceedings
30. Any records kept & certified by Manager is admissible as evidence (if nothing else contradicts)
31. Corporation, Council, Committees or their members are immune from any legal action arising out of their good faith attempts at performing the Act/Regulation
32. All \$ received by member in course of business = held in trust
  - a. Cant assign/mortgage these funds
  - b. Any such assignments would be void
33. Nobody can falsify registration documents (i.e. Certificates)
  - a. Cannot knowingly pretend to be a RIB = fraudulent representation
34. Director/Partner who knowingly contravenes above = \$100k fine and/or  $\leq 6$  months prison
  - a. Convicted corporations get \$200k fine
  - b. 5 yr statute of limitations on proceedings
35. Lt. Gov can make regulations RE:
  - a. Nomination, election & term of office of Council members
  - b. Size & composition of Council
  - c. Any matter related to provision of this Act RE: certificates (issuing, renew, suspend, revoke, etc.)
  - d. Expiration, renewal & issuance requirements
  - e. Maintenance and inspection of registers
  - f. Standard of practice for brokers
  - g. Defining misconduct and code of conduct
  - h. CE program/requirements (to ensure competence)
  - i. Reporting/publication of disciplinary matters
  - j. Compilation of stats on supply, distribution & biz activities of members & the provision of such info from members
  - k. Disclosures made by members to Corp, Superintendent, public, etc.
  - l. Setting max fines for misconduct
  - m. Procedures for hearings
  - n. Trust fund/trust account rules
  - o. Members' account audit rules
  - p. Requiring members to file financial guarantees & their terms
  - q. Minimum E&O insurance limits
  - r. Minimum equity capitalization of members
  - s. Restrictions on the sale of brokers & their biz
  - t. Prescribing forms & their use
  - u. Exempting people from Act (subject to regulations)

35.

1. Lt Gov can make regulations RE:



- a) Transferring powers/duties/functions assigned to the Superintendent under this Act to the Authority or CEO
- b) Deem references in this Act/the regulations to the Superintendent to be referring to the Authority or CEO
- c) Governing transitional matters RE: a & b (above)
- 2. Regulations made under #1 (above) is subject to conditions/restrictions prescribed
- 3. If there is a conflict between regulations made in #1 & other Acts/regulations, #1 wins unless the other Act/regulation specifies that they supercede
- 36. Anyone who held a license before Oct 1, 1981 = broker under this Act too (grandfathered in)

## Ontario Regulation 989 – Composition of Council

Revises Clause 6 of the Act (see above):

- 1. Corp elects 9 members to Council
- 2. Lt. Gov appoints 4 people to Council

## Regulation 990 – Exemptions

Every Risk Management Consultants of Ontario in good standing, who does Risk Management only = exempt from Act/Regulations

## Regulation 991 – General

<https://www.ontario.ca/laws/regulation/900991>

- 1. Revoked
- 2. Revoked
- 3. Revoked
- 4. Revoked
- 5. Qualified to be a broker if...
  - a. Individual is:
    - i. Age of majority
    - ii. Good character & reason to believe that they will carry on business according to law, integrity & honesty
    - iii. Not convicted of offense that makes them unfit to be broker
    - iv. Not been refused a license or had one suspended/revoked due to unfit-ness
    - v. Meets educational/experience requirements (75%+)
    - vi. Complies with Regulation
  - b. Only biz of individual is:
    - i. Insurance broker
    - ii. Broker & life agent
    - iii. Other business QRC OK's (may be subject to terms & conditions)
  - c. Carries on insurance broker biz as an Sole Proprietorship (SP), Partnership (P) or employee of a member who is a SP, P or corp
  - d. They need CE requirements (established by Council)
  - e. But Exempted if...
    - i. Qualified under Act Section 36 (see above)

- ii. Involved with additional biz before Oct 1, 1981
    - iii. Stopped contravening Insurance Act or its regulations as of Oct 1, 1981 (i.e. stopped biz)
  - f. (5)(a)(iii) & (5)(a)(iv) does not apply if QRC OK's it after examining:
    - i. Circumstances RE: offense, revocation/refusal
    - ii. Time has elapsed since then
- 6. Corporations can get Cert if:
  - a. Only business is:
    - i. Insurance broker
    - ii. Insurance broker or life agent
    - iii. Other business the QRC OK's (may impose terms)
  - b. Corporation is supervised by principal broker
  - c. Revoked
  - d. Complied with this Regulation
  - e. Corporation exempt if: (same as above)
    - i. Registered under Section 36 of Act
    - ii. Etc. (5.e.ii & iii)
  - f. Revoked
  - g. Revoked
- 7. Partnership can get Cert if: (similar to above)
  - a. Only business is: (same as above)
  - b. Supervised by a principal broker
  - c. Majority equity & voting interest held by ppl registered as brokers, insurance intermediaries or OTL insurance under laws of their home jurisdiction
  - d. Complies w/ this Regulation
  - e. Exempted from only business restriction if: (same as before)
  - f. Exempted from majority stake requirements if:
    - i. Became registered under Section 36 of Act
    - ii. Proportions haven't increased since Oct 1<sup>st</sup>, 1981
  - g. 7.1 – an SP qualifies if:
    - i. Only business: (same as above)
    - ii. Supervised by Principal Broker
    - iii. SP complied with this Regulation
    - iv. Exempted from only biz if: (same as before)
  - h. 7.2 – SP, P & Corporations must designate a Principal Broker
    - i. Member can be Principal Broker (PB) if:
      - 1. Paid all Act/By-Laws fees to Corp
      - 2. No subject to DC complaint @ application time
      - 3. No subject to an outstanding DC order
      - 4. Class of membership doesn't restrict them from supervising
      - 5. Is the SP or employee, partner or an officer or director of the corporation applying
      - 6. Supervises the broker & has authority to act in its name for stuff required of the corporation by Act/By-Laws
    - ii. Must notify the Corp in writing that he meets the above criteria & Corp accepts
    - iii. Stay a Principal Broker by meeting educational requirements
    - iv. PB can appoint deputies to delegate tasks to

- v. Deputies cannot appoint other deputies but have the same responsibilities as PB (above)
- 8. No Cert if:
  - a. Applicant or person occupying same premises can exert undue influence on insurance business
- 9. Member acting on behalf of the public RE: insurance (negotiating, placing) must provide them a policy or certificate of coverage w/ in 21 days of placing & send copy to all named insurers
  - a. Certificate sets out:
    - i. Name & mailing address of insured
    - ii. Description of coverage
    - iii. Full name of insurer or other authorized person
    - iv. Amount of insurance placed with each insurer
- 10. Cannot place biz w/ unlicensed insurer unless:
  - a. Let them know the risks:
    - i. They're not regulated by Insurance Act or licensed in Ontario
    - ii. Orderly payment of claims is difficult
    - iii. CEO has no authority
    - iv. Need to pay Provincial or Federal taxes
  - b. Has client's written consent
  - c. Sufficient insurance cannot be obtained at reasonable rates @ the terms they require
  - d. Cannot place mandatory auto coverage w/ unlicensed insurer: excess/optional coverage only (must place min amount of liability \$200,000 w/ a licensed insurer)
  - e. If business placed with unlicensed insurer, w/ in 30 days of quarter end, must...
    - i. Report particulars of all such insurance during this period to CEO
    - ii. Pay to Minister of Finance all premium taxes payable had it been a licensed insurer
- 11. Revoked
- 12. If charging a fee on top of commissions, must disclose to the client the fee & the % of commission taken.
  - a. Interest charges ≠ fees (no need to report)
- 13. Revoked
- 14. All insurance brokers must follow a Code of Conduct:
  - a. Perform duties with integrity (to public, other members, clients & insurers)
  - b. Duty to be competent in the services you undertake
  - c. Serve clients with diligence, efficiency, quality of service ≥ expectations of fellow members (like a jury of peers)
  - d. Candid & honest w/ client
  - e. Hold info in confidence unless:
    - i. Authorized by client
    - ii. Required by law
    - iii. Needed to negotiate w/ insurer
  - f. Safekeep client property according to all laws OR like a careful and prudent owner (if no law applies)
  - g. No conflict of interest w/ outside occupation that jeopardizes the member's integrity, independence & confidence
    - i. Disclose (potential) conflicts of interest to clients in writing
  - h. Cannot charge or accept undisclosed/undue/disproportionately large fees
  - i. Improve practice & public respect

- j. Work in an efficient/convenient or confidence/respect inspiring way
  - k. Participate in professional activities & maintain integrity
  - l. Help prevent unauthorized practice of others
  - m. Act with courtesy & good faith (when dealing with anyone)
  - n. Cooperate in Corp's investigations
  - o. Notify Corp is another insurance governing authority has made findings of incompetence, misconduct or similar against the member
15. 'Misconduct' means any of the following:
- a. Advertising in ways not compatible with the dignity of the vocation (including false or misleading statements/ads RE: terms/pros-cons of policies)
  - b. Incomplete comparison between policies to induce an insured to lapse/forfeit their insurance
  - c. Inducement to get them to buy (i.e. bribery)
  - d. Setting a premium  $\neq$  the one stated on the policy (i.e. no rebates)
  - e. Coercing a prospect (exercising undue influence/control)
  - f. Holding oneself out or doing business in a name  $\neq$  your registered name (w/ the Corp)
  - g. Doing anything to cause unreasonable delay/resistance to fair claims adjustment
  - h. Breaching code of conduct
  - i. Failure to comply with Act/Regulations/By-laws
  - j. Pretending to be an insurance agent (in a way a reasonable person would believe you)
  - k. Convicted, after Oct 1, 1981, of an offense under Insurance Act (including criminal)
  - l. Paying/accepting referral fees from someone not:
    - i. Insurance agent/broker somewhere
    - ii. Mutual fund salespeople
    - iii. Real estate agent
    - iv. Mortgage broker
    - v. Financial planner
    - vi. Premium financier
    - vii. People providing insurance risk management products
  - m. A director, officer, principal broker of member entity that knowingly concurred in misconduct of said entity
  - n. Giving false or misleading information to the Corporation
  - o. Acting as a Principal Broker when you've failed to meet CE requirements
  - p. If a Principal Broker has reasonable and probable suspicion of member misconduct but fails to report it
  - q. 15.1: any finding of incompetence, misconduct or similar in another jurisdiction by an insurance governing body that the DC deems competent as per 18(4) of this Act OR misconduct under Section 15 of this Regulation = the same under Act or this regulation
    - i. Basically: if the DC also considers something you did in another jurisdiction bad, you can face consequences in Ontario too
  - r. Nothing in this section stops someone from being a life agent
16. Any "corporate" member must hold a trust account(s) @ an ON branch of:
- a. A bank (Schedule I or II in Bank Act)
  - b. Trust corporation
  - c. Loan corporation
  - d. Credit union (authorized to hold deposits)
  - e. REVOKED

- f. If member = registered & has offices in 4+ provinces, can apply to Council & have trust account in any such province w/
    - i. Bank
    - ii. Trust corp
    - iii. Loan corp
    - iv. Credit union
    - v. May impose some terms/conditions as appropriate
    - vi. Revoke its permission @ any time
  - g. If registered in 2+ provinces, (same as above)
  - h. Any trust money received (cash, cheque, etc.) must be:
    - i. Deposited in trust account or invested (as per next section) ASAP
    - ii. Cannot knowingly fail to deposit w/ in 3 banking days of receipt
    - iii. Can invest trust account \$
    - iv. Subject to the terms of the \$, you can't: (i.e. can forward premiums to insurer)
      - 1. Disburse any money/proceeds of investments
      - 2. Withdraw \$ from trust account
    - v. Can withdraw money that belongs to you & deposit into your general account (i.e. your earned commissions)
  - i. Trust \$ can be invested in:
    - i. Deposits, GICs & other debt that are:
      - 1. Issued by a "bank" or the Government of Canada/Provinces
        - a. "Bank" = bank, trust corp, loan corp, credit union
      - 2. Term  $\leq$  5 yrs
      - 3. Permits repayment of principle on demand
    - ii. Treasury bills or debt:
      - 1. Issued by Government of Canada/Provinces
      - 2. Issued for  $\leq$  30 days
    - iii. Short-term money market instruments
    - iv. Bankers' acceptances
    - v. Short-term debt securities issued by non-financial corporations for  $\leq$  1 yr but w/ the highest/superior credit rating as per Dominion Bond Rating Service
  - j. Member must be able to meet trust obligations from:
    - i. Money in the trust account
    - ii. Investments held in trust
    - iii. Trust funds receivable, excluding premiums receivable for  $\geq$  90 days
  - k. When requested by Manager, Council or Committee, every member shall, in 30 days, account for all trust funds
  - l. Non-"corp" member = no trust account in their own name
  - m. All cheques drawn from trust account must contain the words: trust account & the member's name
17. If member has a trust account, they shall maintain 'records' in connection w/ member's business
- a. Containing:
    - i. All money received for insurers & public
    - ii. Disbursements
    - iii. All money received/disbursed in business
    - iv. Identify property other than money (i.e. stock, bonds, T-bills & other negotiable instruments & things of value)

- v. Note: 'records' = books, accounts, records
- b. Must also maintain:
  - i. Record of receipts & disbursements (\$ in & out)
    - 1. Receipt of money from insurers/public & disbursements
    - 2. Money received & paid on his own account
  - ii. Record (a remuneration book/file, copy of billings) showing all commissions or fees charged to members of the public
  - iii. Bank statements for trust & general account transactions
  - iv. Records of monthly totals of trust assets/liabilities
  - v. Record showing all specifically identified property held in trust (for insurers & public)
- c. Manager, Council or Committee can inspect records @ any time
- d. Must provide Manager with audited financials w/ in 30 days of written request
- e. Records must follow GAAP (generally accepted accounting principles)
- f. Kept on paper, mechanical, electronic or other device
- g. If record ≠ a bound book...
  - i. Guard against falsification
  - ii. Make info available in accurate & intelligible form w/ in reasonable time to anyone entitled to examine
- h. These records are admissible as evidence (if no other facts contradict)
- i. Keep records for 6 years starting from the last fiscal year end
- 18. Council may specify other terms instead of complying w/ Section 16, 17, 21
  - a. If it provides the same level of protection
  - b. May require a surety bond with the Corp as the obligee
- 19. "Corporate" member must have equity capitalization ≥ maximum E&O/fidelity policy deductible
  - a. SP = \$2500
  - b. Corporation/Partnership = \$5000
- 20. Every "corporate" member must carry, with a \$1MM per-occurrence limit: ← \$3MM as of July 2018 & agreed \$^MM per licensee
  - a. E&O insurance w/ coverage for fraud; or
  - b. Some other type of financial guarantee
  - c. AND have fidelity insurance against "employee" dishonesty @ \$100k limit
    - i. "employee" = employee, proprietor, partner, director, officer, shareholder
  - d. Must add an endorsement to all of these so that Manager is notified of any cancellations/non-renewals. These won't be effective until 30 days of Manager's receipt
  - e. No policy = no license. They expire together unless:
    - i. Replaced
    - ii. Manager is convinced of your compliance
- 21. Corporate members, within 90 days of fiscal year end must file a Position Report to Manager showing their financial & trust positions, financial guarantees & markets member places insurance in & other required info
  - a. & w/ in 9 months, file Position Report detailing condition 6 months after fiscal year-end
  - b. Revoked
  - c. Revoked
- 22. \$100,000 = max fine for member misconduct. For individuals, max fine = \$25,000
- 23. QRC & DC findings (unless exempted) can be given to anyone or published in any manner
- 24. All brokers/their employees must maintain mailing address @ biz location
  - a. Exempted from this if you're an individual member w/ a suspended license

- b. Suspended individual members can't maintain mailing address (for Act Section 28 purposes) @ a residence or PO box

## **Registered Insurance Brokers of Ontario By-Laws – By-Law No. 1**

<https://www.ribo.com/wp-content/uploads/2024/03/RIBO-By-Law-No.-1-March-2024.pdf>

### **Part 1 – Definitions:**

1. Act = RIB Act
2. Meeting of Members: includes annual, special or general meetings
3. Recorded address: includes mailing and e-mail address
4. Regulations = regulations under the Act
5. Rmbr: like with most laws, singular words include plurals
  - a. “He” includes her, them, etc.
  - b. Words importing “persons” include individuals, corporations, partnerships, trusts, unincorporated organizations, etc.

### **Part 2 – Seal**

1. Corp seal = the one shown on the margin [imagine a picture here]

### **Part 3 – Execution of Documents**

1. Corp signatures may be signed by any 2 Council members/officers
  - a. Council can appoint people to sign general or specific documents
  - b. Seal required
  - c. The term “contracts, documents or instruments in writing” include deeds, mortgages, assignments (of property), transfers, etc.
    - i. Basically: ‘documents’
  - d. Any 2 Council members or Corp officers can “handle” “securities” “owned” by the Corp & sign all “documents” necessary for that purpose
    - i. “Handle” = sell, exchange, transfer, convert, etc.
    - ii. “Securities” = shares, bonds, debentures, rights, warrants, etc.
    - iii. “Owned” = owned or registered in the name of the Corp

### **Part 4 – Financial Year & Audit**

1. Corps’ fiscal year ends July 31<sup>st</sup> – must audit all transactions

### **Part 5 – Officers**

1. Council elects Chairman
  - a. Council annually elects President & VP(s)
  - b. Council appoints a Manager to perform work when necessary
2. Chairman:
  - a. Presides over all meetings
  - b. Fulfills legal duties
  - c. Powers specified by Council

3. President:
  - a. Has powers specified by Council
  - b. Has Chairman powers if Chairman is absent
4. VP:
  - a. Takes over the President's duties in his absence (based on seniority if multiple VP's)
  - b. Powers prescribed by Council
  - c. Immediate Past-Presidents = the most recent ex-President
    - i. Has powers of President if Presidents or VP's absent
    - ii. Powers prescribed by Council
5. Manager = the CEO of the Corp
  - a. Answers to Council
  - b. Duties prescribed by Act
    - i. Can hire/fire/compensate non-Council members (subject to President & Council supervision/authorization)
  - c. Duties:
    - i. PR
    - ii. Ensure compliance w/ Act, Corp Act/By-Laws
    - iii. Liaison between Corp, Council & Committees
    - iv. Investigative responsibilities
    - v. Operational responsibilities:
      1. Budgeting/admin
      2. Disbursements & salary
      3. Office management
    - vi. & others as prescribed by P, VP or Council
6. Deputy Manager:
  - a. Replaces Manager in his absence (ordered by seniority determined by Council)
  - b. Other duties as prescribed by Manager & Council
7. Secretary:
  - a. Secretary @ meetings when asked: records minutes
  - b. Gives notices to Council members, Committees, members & auditors
  - c. Custodian of corporate seal (can delegate this to Manager)
  - d. Custodian of corporate documents (if no-one else appointed for it)
  - e. Other duties prescribed by President or Council
    - i. Can delegate to Corp employee or contractor & supervise them
8. Treasurer:
  - a. Keep accounting records (according to Act/Regulations & Corporations Act)
  - b. Control (or cause to be controlled) deposits, securities & disbursements as per Council
  - c. Provide transaction records & financial position when asked
  - d. Other duties as per President or Council
  - e. Council can make Treasurer & Secretary the same person
9. Duties of Other Officers:



- a. Based on terms of engagement or as per P or Council
    - i. Appointed assistant can also do (unless P or Council specifies otherwise)
- 10. Variation of Powers & Duties: subject to “Acts”, Council can vary powers of officers
  - a. “Acts” = Act/Regulations & Corporations Act
- 11. Term of Office: Council can remove any officer (subject to employment contract)
- 12. Council sets officer pay
  - a. All officers can be removed for any reason by resolution of Council
- 13. Council can delegate duties of officers to any other officer/director while that officer is absent/unable to act
- 14. Council can appoint agents/attorneys w/ powers as they see fit (i.e. management powers)
- 15. Council can ask officers/employees/agents of Corp to post bonds for faithful discharge of duties
- 16. Council can elect/appoint an officer to fill an office vacancy (i.e. death, resignation, etc. of P or VP)

## **Part 6 – The Council and Meetings of the Council**

- 1. Powers of Council exercised by meeting if quorum
- 2. Council can meet anywhere in or out of ON
- 3. If all Council members consent, people can participate by phone (same as being present for quorum)
- 4. Council, Chairman, P, VP or any 2 Council members can call meeting.
  - a. Notify Council members of time & place (3 days’ notice as per Part 17)
  - b. Can have shorter notice (i.e. 0) if everyone is present or those absent have given consent before or after the meeting
    - i. Either consent to absence or short notice
- 5. Auditors can attend all Council meetings on topics related to their duties
- 6. At a meeting intended to appoint a Council member to fill Council vacancy, no notice is needed to the one appointed (if quorum present)
- 7. Can set regular meeting times. Just notify all members of times/places
  - a. No additional notice required for regular meetings
- 8. Decide by majority vote. If tie, Chairman of meeting can vote twice.

[April 9, 2024 Update: Council members can serve for a maximum of 2 - 3 year terms]

## **Part 7 – Meetings of Members**

- 1. Council can set time/place of Annual Meeting:
  - a. For fulfilling Act/Corp Act requirements
  - b. Council member election results
  - c. Electing members as necessary
  - d. Appointing auditors
  - e. Setting remuneration
  - f. Other business
- 2. Special General Meeting = other types of meetings
  - a. Called by Chairman, President, VP or by Council @ any time/place in ON

3. Notify all members & auditors 10 days before meetings (& Minister & Superintendent)
  - a. Day, hour & place
  - b. Nature of the business
4. Members registered under the Act & not in default of fees = can vote in meetings
  - a. Chairman may get a 2<sup>nd</sup> tie-breaker vote
  - b. Unless a poll is demanded, a declaration by Chairman that vote has passed/failed = proof of that result (don't actually need to record the numbers)
    - i. Poll = a count/recount
5. Voters can appoint proxy (doesn't have to be a member) to act @ meeting for them (based on vested powers)
  - a. Proxy done in writing & must comply w/ Corporations Act
6. Council sets time (< 48 hrs excluding Saturdays & Holidays) before any meeting to accept proxies @ Corp or their agent
  - a. If no specific time, proxy = effective if received by Secretary or Chairman of meeting
7. If no Council chairman, President or VP(s) after 15 mins of meeting time (i.e. a no show), pick another Council member to be Chairman
  - a. If no Secretary, Chairman appoints a person (can be a non-member) to be Secretary of meeting
  - b. If needed, Scrutineers (can be non-members) can be appointed by resolution or by Chairman w/ consent of meeting
8. Only Minister, Superintendent & their Advisors, voting members, Council members, Auditors are entitled to attend.
  - a. Others must be allowed by Chairman of Council
9. If polling requested @ a Chairman election or @ a vote on adjournment, vote right away
  - a. Other polls taken as Chairman directs
  - b. A demand for a poll can be withdrawn
10. Chairman (w/ consent of meeting) can adjourn the meeting to another time/place
  - a. No notice required
  - b. New meeting handles same business as original meeting
11. 2 people = quorum for choosing Chairman or adjourning meeting
  - a. 6 people = quorum for other business <- [April 9, 2024 Update: Quorum for Special General Meeting & Annual General Meetings have been increased to 25]
  - b. Rmbr: you need quorum for business to be done

## **Part 8 – Remuneration, Protection of Council Members, Officers & Others**

1. Remuneration of Council/Committee members set by Council Resolution
  - a. Paid per meeting (daily allowance) as long as they're doing Corp business
  - b. If < 3 hrs (incl. travel), no \$
2. "Members" & officers (Managers/Deputies) are reimbursed for out of pocket expenses for meetings if < \$5000 @ any 1 time
  - a. Expenses > \$5000 must be approved by Council or President (if given that authority by Council)

- b. President can approve expenses of Manager & Deputy Manager
- 3. Council members/officers ≠ liable for acts of other members, officers, employees, dealing w/ the Corp's money (i.e. if you invest it poorly), damage caused by his duties unless: wrongful/wilful act/neglect
  - a. Council members have no responsibility for acts (i.e. signing contracts) of the Corp except when approved by Council
  - b. If member/officer performs other services for Corp OR partner/shareholder/director of a corporation that does biz w/ Corp, being a Council member/officer doesn't disqualify them from getting paid for their services
- 4. Council member/officer/other person of Corp who takes on liability on behalf of Corp & their heirs, executors, legal personal reps & trustees (according to section 24(2)) shall be indemnified/held harmless by the Corp for:
  - a. Costs for suit/liability brought against them as result of executing the duties of his office
  - b. All other charges related to officers of the Corp.
    - i. Except by wilful neglect
- 5. Council can submit any contract/act for approval @ annual meeting or can call a special meeting for that purpose
  - a. Approve by majority vote (unless Act/Corp Act says otherwise) = binding on Corp & all members
- 6. Corp can buy insurance to protect Council members, officers, etc.

## **Part 9 – Committees:**

- 1. Council can establish committees as necessary (subject to Act/By-laws)
  - a. Can appoint non-members too
- 2. Chairman of Council & President can be ex-officio members of all committees
- 3. Chairman of Meeting sets meeting times/places
- 4. Majority of committee = Quorum
- 5. Every committee member (incl. ex-officio members) has 1 vote
  - a. Chairman has 2<sup>nd</sup> tie-breaker vote
- 6. Committee Chairman elected by committee & presides over all meetings
- 7. Committee meetings/proceedings governed by same by-laws as for Council meetings/proceedings
- 8. Council appoints people (including non-Corp people) to:
  - a. QRC: 2 people = quorum
  - b. CC(s)
  - c. DC
  - d. Professional Development Committee
  - e. Legislation Committee
  - f. Administration & Finance Committee
  - g. Marketing/Communications Committee
- 9. QRC: members appointed by Council
- 10. Executive Committee: doesn't exist anymore REVOKED

## **Part 10 – By-Laws**

1. Any by-laws duly passed by Council no inconsistent w/ Act can be revoked/amended by another by-law

## **Part 11 – Property**

1. Shares/securities held by Corp may carry voting rights
  - a. Corp sends rep to vote @ meetings of security holders
  - b. Signing officers of Corp can execute (on behalf of Corp) proxies, voting certificates in names they determine - no Council resolution required
2. Securities owned by Corp = held in chartered bank, trust company, safety deposit box or other manner as per Council resolution
  - a. Share certificates or other obligations of Corp can be:
    - i. Issued & held in name of nominee(s) w/ right of survivorship &
    - ii. Endorsed in blank to ensure a transfer & registration can be completed
    - iii. ^ to make sure the assets make it back to the Corp

## **Part 12 – Fees**

1. Council determines annual fees & special assessments & fees for certs/exams
  - a. Manager notifies members of payable fees

## **Part 13 – Borrowing & Banking**

1. Council can:
  - a. Borrow money in the name of the Corp
  - b. Issue/sell debt obligations (i.e. bonds)
  - c. Mortgage property of the Corp
2. Council can delegate “borrowing” powers to Council members/officers as determined by Council
3. Banking biz of Corp done w/ bank/organization chosen by Council
  - a. Council authorizes these agreements
  - b. Cheques/money orders/notes signed as per Section 3.1 “Execution of Documents”

## **Part 14 – Allocation of Funds**

1. Council can allocate/invest funds according to procedures of a reasonable & prudent person (avoid risk & get a reasonable return)
2. Follows Ontario Regulation 991 – investment requirements for broker trust accounts
3. Review investments/criteria yearly & makes revisions to meet Part 14.1

## **Part 15 – Classes of Membership**

1. 19 Classes of Memberships: they’re self-explanatory
  - a. Restricted to Accident & Sickness Insurance
  - b. Restricted to Other Than Accident & Sickness Insurance
  - c. Restricted to Acting Under Supervision: for the first 24 months of registration
    - i. Also can’t be a designated individual, SP or control trust funds
  - d. Specific Restrictions: imposed by QRC & DC

- e. Restricted to Consulting: prohibited from:
  - i. Helping in/placing insurance
  - ii. Cannot bind/countersign insurance docs
  - iii. Holding shares or being a partner of any insurance agent/insurer or any non-consulting member
  - iv. Receiving compensation from an insurance agent/insurer or any non-consulting member
  - v. Having shareholders who are the prohibited people above
- f. Principal Broker = Designated Individual = someone who supervises/directs insurance broker employees/partners & the member entity
  - i. Principal Broker must exercise reasonable diligence to:
    - 1. All employees of a registered broker comply with Act/Regulations & By-Laws
    - 2. Give & make them use all info needed to avoid misconduct
    - 3. Ensure brokers know and act in accordance with Code of Conduct
    - 4. Ensure all trust accounts & records are maintained according to regulations
    - 5. Ensure that all E&O "insurance" are maintained according to regulations
    - 6. Ensure that all filings are made & fees are paid as per regulations
    - 7. Ensure that nobody who isn't registered acts as a broker
    - 8. Ensure procedures are established & followed to meet all of the above
- g. Out of Province Class: head office in another province but w/ no branch in ON
  - i. Terms & Conditions:
    - 1. Reciprocal Qualification Requirements:
      - a. Must meet same requirements as those registered in ON & the one in their HQ province
        - i. Don't need to meet HQ province requirements if:
          - 1. Those requirements  $\leq$  ON as per QRC
          - 2. QRC finds reason to waive
          - 3. Is otherwise eligible for registration in ON
- h. Non-Active Firm =
  - i. Clusters w/ a dominant corporation doing the insurance business
  - ii. Partnerships between 2+ corporations
  - iii. Individual tax corporations (ITC) created to have commissions paid to it & claims benefits (similar to P.R.E.C of realtors)
  - iv. Terms & Conditions of Non-Active Firms:
    - 1. Get registered as a member (normal, corporate, or non-active firm)
    - 2. Pay an annual fee
    - 3. Get E&O insurance or be added to the E&O of your brokerage
    - 4. Instead of filing a Fidelity Bond & maintaining an equity requirement, you can agree to not advertise or associate with the general public

5. If you hold an Acting Under Supervision requirement, don't need to have Designated Individual requirement
  6. If you hold yourself out to the public (letter head, etc.) need full Corporate registration & follow all regulations
  - i. Active Firm = SP, P & Corp that are insurance brokers
    - i. Must meet normal requirements of SP, P & Corps & have at least 2 contracts w/ insurers
  - j. Supervising Broker
    - i. Qualified if:
      1. Not in default of fees
      2. No subject to a DC complaint/hearing @ application time
      3. Not being penalized by DC
      4. Not in a membership class restricted to acting under supervision or unrestricted-technical
    - ii. Every 12m, get X study hours RE: management & insurance (determined by QRC)
    - iii. Duties:
      1. Supervise all employee/partners
      2. Supervising broker does duties as per Principle Broker
        - a. Must notify manager when appointing a Supervising Broker
        - b. Act/Regulations & By-Laws still apply to Principle Broker
      3. Responsibilities of Supervisor:
        - a. Make sure all brokers follow by-laws & Act/Regulations
        - b. Give them info need to:
          - i. Follow Code of Conduct
          - ii. Don't allow misconduct/incompetence as per Act/Regulations
        - c. Make sure all brokers follow Code of Conduct
        - d. Ensure nobody who isn't a registered broker acts as one
        - e. Establish procedures so the above are met
2. Restrictions for people registered under Section 36 of Act
    - a. If licensed before Oct 1, 1981 & not authorized for A&S = restricted to Other Than A&S
    - b. If only authorized for A&S, restricted to A&S-only
  3. Registered under Section 36(4) of Act = Consulting-only
  4. Registered under not Section 36 of act = restricted to ex. A&S & under supervision
  5. Those restricted to Other than A&S can still get a valid A&S license
  6. Restriction to Act under Supervision removed by:
    - a. Licensed for 24 consecutive months &
    - b. Pass Technical exam &
    - c. Pass Management exam; then
    - d. Apply to QRC to remove the restriction

7. If given an indefinite duration restriction by Committee, can apply to same Committee to remove (if justified)
8. If denied under 15.7 (^), can't reapply until time period has passed
9. PB <-> SP unless you tell Corp another broker is (has authority to act in SP's name & report/apply to Council under the "Acts"
10. Registration suspended when:
  - a. "Corporate" member has PB not compliant (w/ 15.12 ↓)
  - b. Suspended for non-renewal
  - c. Quit working for a "Corporate" member
  - d. Member (not a PB) fails to meet CE by Sept 30 of every year
  - e. Members suspended by above can't carry on biz of broker but... by-laws still apply to them
11. Reinstatement of Registration:
  - a. If suspended by 15.10a (↑), can reinstate by:
    - i. Reapply w/ in 30 days of suspension & pay fee
    - ii. Immediately by Manager if PB meets CE credits w/ in 30 days
  - b. If suspended by 15.10b:
    - i. Refile w/ Manage w/ in 12m of suspension
    - ii. Immediately by Manager if justified
  - c. If suspended by 15.10c, immediately if w/ in 12m, you find a job
    - i. Get the notice signed by a Principle Broker
  - d. If by 15.10d, reinstate immediately if w/in 12m if Manager gets written confirmation of compliance w/ CE
  - e. Registration expires if no reinstated w/ in 12m of suspension
12. Additional Terms for PB:
  - a. Course of Study:
    - i. On/before the 1<sup>st</sup> compliance date & every 12m, meet X study hours RE: mgmt., finance & insurance (approved by QRC)
    - ii. Can apply to QRC for exemption/extension (OK if good reason) indefinitely
    - iii. Can extend if PB is ill or needs to appoint a new one upon death of current PB
    - iv. A PB who resigns or fails to meet the study hr requirements =
      1. Removed as PB &
      2. Cannot be PB again until it meets hrs
    - v. If not a PB, but when to stay eligible, keep doing the study hrs
  - b. Deputy Principal Broker (DPB):
    - i. Powers of PB can be done by DPB (if > 1, by seniority)
      1. Do things as per PB
      2. Written notice must be given to Manager by PB if DPB appointed
    - ii. "Acts" still apply to PB
    - iii. "Acts" apply to DPB to the extent of duties delegated to him by PB
    - iv. DPB must meet study requirements (see course of study) like the PB

- v. PB &/or DPB can be called by Manager RE: conduct/competence of their subordinates

13. Every corporate member must have a PB in compliance w/ study hours

## Part 16 – Records

1. Keep records of meetings as per Corporations Act (follow the same meeting procedures)

## Part 17 – Notices

1. Any notice = given if delivered to his person or recorded address or if by prepaid mail to his address or by recorded electronic means (i.e. email)
  - a. Notice by mail = given when deposited @ post office/letter box
  - b. By email = given when sent
  - c. Secretary can change recorded address of members
2. Notices requiring signatures may be (partly) written, stamped, typed, printed
3. Date notice = given ≠ part of the notice period
  - a. The date of the event counts
4. Accidental omission/non-receipt/error in notice doesn't invalidate any actions taken @ the meeting
5. Member can waive/shorten notice period
  - a. Can be done @ any time to cure any default (i.e. before, after, etc.)
6. A certification by P, VP, Treasurer or Secretary (or Officer) regarding facts regarding delivery of notice to a member = conclusive evidence of delivery & is binding

## Part 18 – Effective Dates & Repeal

1. New By-Laws repeal older contradictory by-laws immediately
  - a. If any part of the new By-Law = invalid, new doesn't repeal that part of the prev. by-laws RE: same subject matter
    - i. So... everyone still acts as per old by-law (contracts still valid, etc.)

## By-Law No. 2

- ~~1. Covers banking affairs of brokers in ON~~
2. [April 9, 2024 Update: <https://www.ribo.com/wp-content/uploads/2024/03/RIBO-By-Law-No.-2-March-2024.pdf>]
  - a. ARTICLE 1: INTERPRETATION
    - i. Definitions and Interpretation: Terms and rules from By-law No. 1 apply here.
    - ii. Severability and Precedence: Invalid parts of this by-law don't affect the rest. If there are conflicts with the Articles, the Act, or the ONCA, those documents take precedence.
  - b. ARTICLE 2: NOMINATION
    - i. Nomination Procedures: Only properly nominated individuals can be elected as Directors.
    - ii. Solicitation of Candidates:



1. Starts 3 months before the election meeting.
2. Governance and Nominating Committee sets the nomination period (at least 21 days long).
3. Includes a request for nominations, detailing positions, terms, skills needed, and application forms.
- iii. Submissions to the Governance and Nominating Committee:
  1. Members can nominate themselves or others if they meet specific qualifications.
  2. Required: application form, candidate's consent, resume, and cover letter.
  3. Must be submitted in writing before the deadline.
- iv. Nomination by the Governance and Nominating Committee:
  1. Committee selects qualified candidates based on set criteria.
  2. Notifies candidates if selected or not.
  3. Members are informed of nominees at least 21 days before the meeting.
- v. Nomination from the Floor:
  1. Members can nominate others at the meeting if they provide written notice 7 days before the meeting.
- c. ARTICLE 3: ELECTION
  - i. Timing: Elections must occur within 15 months of the previous annual meeting.
  - ii. Eligibility to Vote: Members must be registered and not owe any fees.
  - iii. Staggering of Vacancies: Council aims to stagger Director terms; some years may have no elections.
  - iv. Acclamation: If nominees equal vacancies and no other nominations are received, those nominees are elected without a poll.
  - v. Election Process:
    1. Voting instructions are provided by the CEO.
    2. Voting can be in person or electronically.
    3. Accidental errors in notices do not invalidate actions taken.
- d. ARTICLE 4: VOTING
  - i. Voting at Election:
    1. Can be done by secret ballot, in person, or electronically.
    2. Members get one vote per vacancy.
    3. Votes are void if a candidate becomes ineligible.
  - ii. Counting of Ballots and Announcement of Results:
    1. CEO certifies elected Directors based on highest votes.
    2. In case of a tie, names are drawn randomly.
  - iii. Destruction of Ballots: Ballots are destroyed 31 days after results unless a recount or petition is filed.
- e. ARTICLE 5: APPEAL AND RECOUNT OF BALLOTS AND PETITION AGAINST THE ELECTION
  - i. Appeal and Recount of Ballots:

1. Members can request a recount within 14 days if they suspect errors.
  2. Chair of the Governance and Nominating Committee decides if a recount or revote is necessary.
  - ii. Petition Against the Election:
    1. Members can file a petition within 14 days if they believe a Director was not duly elected.
    2. Council investigates and decides on the validity of the election.
  - f. ARTICLE 6: EFFECTIVE DATE AND REPEAL
    - i. Effective Date: This by-law is effective upon confirmation by members.
    - ii. Repeal: Replaces By-law No. 21. Previous operations and agreements under By-law No. 21 remain valid unless inconsistent with this by-law.
3. ]

## By-Laws No. 3-19

1. Added to By-Law No. 1
2. [April 9, 2024 Update to By-law No. 3: <https://www.ribo.com/wp-content/uploads/2024/03/RIBO-By-Law-No.-3-March-2024.pdf>
  - a. Article 1: Interpretation
    - i. Definitions: Key terms include Active Firm Licensee, Applicable Laws, Certificate of Registration, Code of Conduct, Deputy Principal Broker, Guidelines, Individual Licensee, Licensee, Principal Broker, Supervising Broker.
    - ii. Interpretation Rules: Terms defined in By-law No. 1 apply here, unless stated otherwise.
  - b. Article 2: Registration & Related Matters
    - i. General: Policies for registration are determined by the Council or delegated committees.
    - ii. Application: Must be submitted with required documentation and fees.
    - iii. Issuance: Certificates are issued if eligibility is confirmed, and necessary exams and fees are completed.
    - iv. Renewal: Valid for one year (Oct 1 – Sept 30), requires annual renewal by August 31. Failure to renew results in suspension.
    - v. Conditions: May have specific restrictions based on competence and experience.
    - vi. Request for Information: CEO may request information from licensees.
    - vii. Notification Requirements: Licensees must report changes in status, contact information, or disciplinary actions within 10 days.
    - viii. Fees: Set by the Council.
    - ix. Membership: yearly basis between October 1 to September 31.
  - c. Article 3: Individual Classes of Registration
    - i. Classes: Level 1, Level 2, and Level 3 Licensees (instead of Entry Level, Unrestricted Technical & Unrestricted Management)

- ii. General Conditions: Must be of majority age, good character, and comply with laws. Continuing education is mandatory.
  - iii. Level 1: Must pass exams & cannot act as Principal, Deputy, or Supervising Broker. Supervised by a Principal Broker.
  - iv. Level 2: Similar to Level 1, but with more qualifications (ie. pass additional exams). Supervised under a Principal Broker.
  - v. Level 3: Requires 24 months as Level 1 or 2, additional exams, and may act as Principal, Deputy, or Supervising Broker if appointed by the brokerage per Article 6.
- d. Article 4: Firm Classes of Registration
  - i. Classes: Active Firm Licensee, Non-Active Firm Licensee, Consultant Firm Licensee.
  - ii. Active Firm: Must designate a Principal Broker, maintain insurance, meet financial requirements, and file annual reports.
  - iii. Non-Active Firm: Cannot hold trust funds or conduct insurance brokering publicly.
  - iv. Consultant Firm: Limited to consulting services, must maintain insurance, and cannot engage in public insurance brokering.
- e. Article 5: Out of Province and Country Licensees
  - i. Out of Province: Must be licensed in their home jurisdiction or provide proof that the activities they're undertaking is exempt from licensing in their home jurisdiction.
    - 1. May qualify for license equivalency in ON per CFTA Article 705 (ie. May not need to redo all licensing exams)
  - ii. Out of Country: Similar requirements, but without the reciprocal agreement.
- f. Article 6: Principal, Deputy Principal, and Supervising Brokers
  - i. Principal Broker: Must be a Level 3 Licensee, responsible for compliance, supervision, and reporting.
  - ii. Deputy Principal Broker: Can perform Principal Broker duties if delegated, must meet similar criteria.
  - iii. Supervising Broker: Assists in supervision, must meet specific criteria.
- g. Article 7: Continuing Education
  - i. Requirements: Mandatory for all licensees, specific hours determined by the Council. Exemptions & extensions possible for valid reasons.
    - 1. Individual Licensee Requirements (exempted for first year; enforced upon first renewal on October 1<sup>st</sup>):
      - a. Ethics: min. 1 hour
      - b. Technical: min 3 hours
      - c. The remaining 4 hours can be from any category
      - d. Professional Development: max 2 hours
    - 2. (Deputy) Principal Broker or Supervising Broker Requirements
      - a. Ethics: min 1 hour

- b. Technical: optional
      - c. Management: min 5 hours
      - d. The remaining 4 hours can be from any category
      - e. Professional Development: N/A
    - ii. Accredited Courses: CEO accredits courses, fees may apply for accreditation.
  - h. Article 8: Administration of Registration
    - i. Inactive Registration: License becomes inactive if not employed by an Active Firm, must comply with conditions to reactivate.
    - ii. Administrative Suspension: Failure to meet renewal, fees, or education requirements leads to suspension.
    - iii. Cancellation: If suspension terms are not met within 12 months, registration is cancelled.
    - iv. Resignation: Licensees can resign if all conditions are met, possible reinstatement within 24 months.
    - v. Continuing Jurisdiction: Licensees under suspension or cancellation remain subject to the Corporation's jurisdiction.
  - i. Article 9: Transitional Provisions
    - i. Transition: Existing licensees are transitioned to the new system as Level 1, 2, or 3 Licensees based on previous classifications.
  - j. Article 10: Effective Date and Repeal
    - i. Effective Date: By-law comes into effect upon confirmation by members.
    - ii. Repeal: Repeals previous By-law No. 20, operations under previous by-laws remain valid unless inconsistent with the new by-law.
3. ]

## **By-Laws No. 20 – Registration & Information Changes**

1. Application for a certificate of registration made to Manager
2. Registrations are renewed yearly on or before August 31 (apply & pay fees to Manager)
  - a. Form for applications for renewals are approved by Council
  - b. Suspended on Sept 30 if missed deadline
    - i. Can't carry on biz as a broker
  - c. Pay/renew w/in 1 yr of suspension = regular renewal (if lateness was the only reason for suspension)
  - d. Cert expires if not reapply w/in 1 yr
3. If info changes, notify Manager of the change w/in 30 days of change happening [April 9, 2024]
 

Update: any changes should now be reported within 10 days. Changes include: change of sponsor, name, 2<sup>nd</sup> employment, charges/convictions, license status, etc.

  - a. Manager can request info RE: biz of broker
    - i. Send w/in 30 days of receipt

## By-Laws No. 21 – Composition & Election of Council

1. Each Individual Member of the Corporation is eligible to be elected to Council if:
  - a. Qualified to vote to elect Council members
  - b. Ordinarily residents in Ontario
  - c. Nominated according to Section 8
  - d. No misconduct/incompetence conviction in last 3 yrs
  - e. Hasn't been employee of Corp in last 12m
  - f. Not in default of fees
  - g. Not the subject of a DC complaint
  - h. Holds a registration not subject to terms & conditions from disciplinary matter or had license revoked/suspended in last 6 yrs for same
  - i. 2 electoral categories:
    - i. Candidates who are employed @ a member corporation employing 20+ voting members
    - ii. "... fewer than 20 voting members
2. Elect on 1<sup>st</sup> Monday of Nov every yr (elect 3 ppl for a 3 yr term)
  - a. Manager makes reasonable effort to ensure  $\geq 1$  of each type is elected:
    - i. At least 1 candidate = "employee" of firm employing > 20 ppl &
    - ii. 1 that is < 20 ppl
  - b. REPEALED
  - c. If no election, current members keep going
  - d. Can't serve > 2 consecutive terms
3. Manager tries to ensure Council has  $\geq 2$  members elected from each Electoral Category
4. An elected member is disqualified from Council if he:
  - a. Dies or resigns
  - b. Ceases to be eligible for election
  - c. Subject of a bankruptcy (or similar) action against him (in any jurisdiction)
  - d. Found by a competent court to be of unsound mind
  - e. A Council member is also disqualified if:
    - i. Found by DC to be incompetent or misconduct
    - ii. Found by QRC to be incapacitated
    - iii. Ceases to be registered
    - iv. Suspended certificate
    - v. Breaches Corp's conflict of interest policies
    - vi. Breaches confidentiality policy
    - vii. Becomes an employee of the Corp
  - f. A vacant seat (from disqualification) is filled as per Section 5
  - g. Council member subject to DC, CC, or QRC proceeding (i.e. for disciplinary or incapacity) = suspended pending the outcome
    - i. Cannot attend meetings/other Council proceedings
5. To fill vacancy:

- a. Council appoints person
  - b. If more candidates than were elected in the last election... appoint the loser w/ the highest # of votes
  - c. Appointee holds office until expiry of the old person's term
6. Elections presided over by Manager or his delegate
  - a. Every member who is registered & no in default = qualified to vote
7. ≤ July 15 of an election year, "Manager" notifies every voting member:
  - a. That an election will be held
  - b. Number of people to be elected & term
  - c. Eligibility criteria (see section 1)
  - d. Nominations must be received in writing by Manager ≤ 4pm on the 1<sup>st</sup> Tuesday of Sept
  - e. Notice says election is done online & includes relevant instructions (i.e. how to vote, election info, etc.)
8. Nominations for elections must be:
  - a. Mail/email Manager in writing
  - b. Signed by ≥ 15 qualified members w/ name, reg # & name of the corporate member they're with
  - c. Identify Electoral Category of candidate
  - d. Delivered to Manager ≤ 4pm on the 1<sup>st</sup> Tuesday of Sept
  - e. Dated & Signed by Candidate
  - f. Along w/ nomination, can send:
    - i. B/W passport-style shot
    - ii. ≤ 100 word biography of qualifications & community service record
  - g. Only those nominated can stand for election
  - h. Manager notifies Candidate in writing of receipt, whether the nomination is OK or not & how to fix it
  - i. Failure of Manager to notify does not invalidate the election
9. When nominees ≤ # elected & list has reps from the 2 categories, they are auto-elected.
  - a. If only 1 person is nominated in a category, they're also auto-elected
  - b. If nominated > # to be elected, then vote.
    - i. "Manager" notifies voters ≥ 21 days before election w/ voting instructions
  - c. Voting platform has this info:
    - i. Name of each candidate
    - ii. Photo (if provided)
    - iii. Biography (if provided) or written by "Manager"
    - iv. Name of corporate member they belong to
    - v. Electoral category
10. Votes = secret ballot (ensures votes are confidential & only used for voting/counting)
11. ≤ Oct 1<sup>st</sup> of election year, "Manager" compiles/signs an alphabetic list of voters
  - a. Any member can view list during normal business hours @ "Manager's" office
  - b. If member complains between the 2-9<sup>th</sup> of Oct (inclusive) of omission/insertion of name, Manager must check & fix ASAP

12. Votes starts Oct 7<sup>th</sup> -> 4pm of election day
  - a. "Manager" receives the total votes per nominee
  - b. Can vote for  $\leq 3$  candidates
    - i. If voted  $>$  # candidates available, ballot = invalid
  - c. Voted for non-candidate = not counted (but ballot still valid)
  - d. If candidate withdraws or ceases to be eligible on/prior to election date, votes are rejected
  - e. If tie vote, "Manager" settles with coin toss
13. Manager certifies as winners those:
  - a. Elected in an electoral category
  - b. If poll required in electoral category(s):
    - i. The candidate that has the highest vote in each category
    - ii. The next highest votes regardless of category
  - c. After Manager certifies winner, ASAP:
    - i. Report results to Council
    - ii. Informs each winner of time/place of 1<sup>st</sup> regular meeting
    - iii. Tell members of results @ next annual meeting
14. Manager ensures ballots/records are destroyed after 90 days of results report (unless candidate requests recount, confirmation or petitions against election)
  - a. If Manager gets written request from voter for recount w/in 14 days & it's a close race, Manager recounts
  - b. Failure of Platform: can call a revote (held w/in 30 days) if Manager has doubts RE: accuracy of system
  - c. Presiding Manager responsible for:
    - i. Setting date for revote
    - ii. Give notice in writing to all candidates of date
    - iii. Ensure all ballots & records are destroyed after 90 days
    - iv. Declared the results in same manner as above (see Section 13)
    - v. Report results of revote to members ASAP
  - d. If tie on revote, flip coin. If coin was flipped on the original vote, pick the original winner
15. Any voter can file petition against any Council member as not being duly elected/qualified
  - a. A petition shall:
    - i. Be filed by Manager w/ in 14 days of results are announced
    - ii. Contain a signed statement from voter on grounds for dispute
  - b. Manager delivers petition to Council member in question w/in 14 days
  - c. If petition shows violation of By-Law 21 in election, Manager informs Council who forms a committee to inquire & report back ASAP
  - d. This committee sets date/time/place for hearing the petition & give notice to petitioner & subject (the target of the petition)
  - e. Council gets report then determines if subject is duly elected/qualified
  - f. If not, his spot = vacant & filled as per Section 5
  - g. Manager destroys ballots/records w/in 90 days of Council determination

16. If deadline = Saturday or Holiday, deadline extends to next day not a Saturday/Holiday
17. Accidental omission/non-receipt/error in notice not affecting its substance doesn't invalidate meeting/decision

**By-Law No 23, 24, 26, 28,29, 31 = added to By-Law No 1**

**By-Law No 22 & 25 = added to applications forms**

**By-Law 27 & 30 = added to By-Law 21**

See <http://www.ribo.com/broker-resources/legislation/> for the most up-to-date legislation.