



REGISTERED INSURANCE BROKERS OF ONTARIO

Notice to RIBO Members and Stakeholders Changes to the Registered Insurance Brokers Act and Regulation 991

Over the past year, we have reported that we have been working with the Ministry of Finance to modernize certain provisions of both the *Registered Insurance Brokers Act* (“*RIB Act*”) and Regulation 991 under that *Act*. I am pleased to announce that the project is now complete. Amendments to the *RIB Act* came into effect on December 14, 2017 and amendments to Regulation 991 will come into effect on July 1, 2018. For your information, we have prepared this summary of the key changes and their impact to registered members.

Changes to the *RIB Act* (effective as of December 14, 2017):

Continuing Jurisdiction Over a Member:

This change was made to ensure RIBO retains jurisdiction over a member for all acts committed while that person was a member. While this provision existed under the previous version of the *Act*, the amendment closes an inadvertent loophole.

Clarity as to Fines:

Prior to the change, a contradiction existed between the *Act* and Regulations on maximum fines. The power of Council to establish through By-law the maximum fines that may be imposed has now been removed and fine provisions are now found exclusively in Regulation 991.

Rules of Evidence:

The *Act* was amended to clarify that the rules of evidence applicable in RIBO Hearings (both Discipline and Qualification and Registration) are as set out in *The Statutory Powers and Procedures Act* (“*SPPA*”).

Public Hearings:

Prior to the amendment, RIBO Hearings (both Discipline and Qualification and Registration) were closed to the public. As of the effective date of these amendments, all RIBO Hearings are open to the public, subject to a limited ability of the member to request a 'closed' hearing under the *SPPA*.

Changes to the Regulations (effective as of July 1, 2018):**Duty to Co-operate:**

The Code of Conduct has been updated to place a positive obligation on a member to co-operate in an investigation conducted by RIBO. This provision is consistent with other regulated professions in Ontario.

Duty to Report Findings of Governing Authority Outside of Ontario:

The Code of Conduct has been updated to place a positive obligation on a member to notify RIBO of any finding of incompetence or misconduct (or a similar finding) against the member by a regulator outside of Ontario.

Violation of RIBO By-laws is Now an Act of Misconduct:

The Regulation has been amended to define any failure to comply with RIBO By-laws as an act of misconduct. The previous provision only defined failure to comply with the *Act* and Regulations as misconduct. This change will enable more effective enforcement of requirements that are set out in RIBO By-law, including the duties and responsibilities of a Principal Broker.

Failure of a Principal Broker to Report Suspected Misconduct is an Act of Misconduct:

If a Principal Broker believes on reasonable and probable grounds that a member under the Principal Broker's direction, *regardless of the member's registration class*, has committed an act of misconduct, that potential misconduct must be reported. This provision is comparable to those found in other professions within the Province and reflects the Principal Broker's role as the compliance gatekeeper for all registrants within their brokerage(s).

A Finding of Incompetence or Misconduct Against a Member by the Governing Authority in Another Jurisdiction Constitutes Misconduct or Incompetence at RIBO:

In the event another provincial broker or agent regulator makes a finding of incompetence or misconduct against a RIBO member, a Discipline Committee at RIBO may find, based on those facts, that the member is guilty of misconduct or incompetence under the *RIB Act* and Regulations.

Increase in Minimum E&O Requirements from \$1M to \$3M:

Brokerage Errors and Omissions requirements have increased under these amendments from at least \$1 million, in respect of any one occurrence, to at least \$3 million in respect of any one occurrence. This was done to adjust for inflation as well as to take into account current average claim amounts.

PLEASE NOTE: THIS INCREASE COMES INTO EFFECT ON JULY 1, 2018

Increase in Maximum Fines:

The maximum fine that may be levied against a member for misconduct under the amended Regulations has increased from \$5,000 to \$25,000 for individual brokers, and from \$25,000 to \$100,000 for a brokerage. The previous amounts had not been updated for a considerable length of time. The new amounts are consistent with amounts available to comparable regulators.

As previously advised, the changes were designed to modernize our regulatory framework, with most of the changes made to enhance and strengthen consumer protection. The Code of Conduct Handbook will be revised to offer interpretations and expectations relating to the updated provisions.

To review the complete text of the amendments, please go to:

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

Reg.991: <https://www.ontario.ca/laws/regulation/900991>

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