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RIBO Level 1 Entry-Level Broker Exam

IIC RIBO-Level-1

Version Demo

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QUESTION NO: 1

A Broker wants to stay current with emerging industry trends and ensure they meet RIBO's continuing education (C

E.

obligations before their next renewal. Which action BEST demonstrates investigating new topics and confirming CE requirements to maintain compliance?

A. Ask coworkers for course recommendations and have the brokerage track CE credits on your behalf.

B. Browse social media for insurance trends and attend networking events so that your informal conversations with colleagues can be used towards CE credits.

C. Review the RIBO website for current CE requirements and renewal date, then enroll in relevant courses on emerging topics.

D. Take only management courses because they are perceived as easier to complete.

ANSWER: C

Explanation:

"Review the RIBO website for current CE requirements and renewal date, then enroll in relevant courses on emerging topics." is the best action because it combines compliance verification with purposeful professional development. RIBO licensees must meet continuing-education requirements during the applicable licensing period and must renew their licences in accordance with RIBO's stated process and deadlines. Checking RIBO's own current guidance is the most reliable way to confirm the required number of credits, the relevant reporting or recordkeeping expectations, and the renewal timeline, since requirements and administrative procedures can change.

The action also directly addresses the broker's goal of staying current. After confirming the requirements, selecting relevant qualifying courses on developing risks, market changes, technology, regulation, or other emerging insurance subjects supports both competence and compliance. This is a deliberate, documented approach: it starts with the regulator's authoritative requirements and then aligns educational choices to current professional needs. RIBO's licensing information and continuing-education resources should be consulted before renewal so the broker can plan and complete eligible learning in time. See RIBO's Continuing Education information and its Licensing resources.

QUESTION NO: 2

A client receives the certificate for a new homeowners policy and notices that the sewer backup deductible is $2,500. During the quote discussion, the Broker had described a $1,000 deductible. What should the Broker do?

A. Advise the client that the deductible shown on the certificate applies until the next renewal.

B. Change the deductible in the brokerage system to $1,000 and retain the existing certificate.

C. Verify the issued terms with the insurer, advise the client of the discrepancy, and seek correction if an error occurred.

D. Tell the client that a deductible discussed during a quote automatically overrides the certificate.

ANSWER: C

Explanation:

The Broker should promptly verify the coverage issued with the insurer, advise the client of the discrepancy, and request correction if the certificate does not reflect the coverage that was accepted. A quote, application, and certificate can contain different information, but the Broker must not assume that the lower deductible applies without confirming the insurer's binding and issuance records.

The difference is material because it affects the amount the client would retain following a sewer backup loss. Waiting until renewal, or simply changing the brokerage file, would not correct the insurance contract or ensure that the client understands the actual terms in force. The Broker should document the discussion, the insurer's response, and any correction made.

QUESTION NO: 3

During an audit of your brokerage, it is discovered that numerous client files have not been updated with recent address changes. As a broker, you are aware of the role of the Financial Services Regulatory Authority of Ontario (FSRA. in ensuring compliance with insurance laws, including maintaining accurate client records. Which steps should you NOT take to rectify this issue?

A. Inform the Principal Broker and suggest implementing a system to remind clients to update their information regularly.

B. Temporarily suspend any policy renewals for clients with outdated information until records are accurate.

C. Collaborate with the IT department to automate the notification process for address updates in the system.

D. Encourage staff to make routine follow-up calls to clients to verify and update their contact details.

ANSWER: B

Explanation:

“Temporarily suspend any policy renewals for clients with outdated information until records are accurate” is the action that should not be taken. An inaccurate address is a recordkeeping deficiency that requires prompt verification and correction, but it does not by itself justify interrupting a client’s insurance renewal. A brokerage should protect the client’s continuity of coverage while taking reasonable steps to obtain current contact details, document those efforts, and update the file once reliable information is received. A unilateral suspension could create an uninsured gap or prevent a client from receiving renewal information, creating a significant consumer-risk issue that is disproportionate to the administrative problem being addressed.

Ontario insurance brokers are expected to conduct business responsibly, safeguard consumers’ interests, and maintain appropriate brokerage controls. Corrective action should therefore focus on fixing the records and the underlying workflow—not on withholding a renewal that may be important to the client’s protection. Escalation and supervision through the brokerage’s compliance structure can ensure that the file issue is remediated consistently and documented appropriately. FSRA oversees insurance broker conduct in Ontario, while RIBO establishes the licensing and regulatory framework for brokers. See FSRA’s insurance broker information and RIBO.

QUESTION NO: 4

The "Pair and Set" clause in a Property insurance policy states which of the following?

A. The insurer will only pay one-half of the insurance if one of a pair is destroyed or damaged.

B. The insurer will not pay for loss of a pair of precious stones unless they are properly set in the amount containing them.

C. Settlement of a loss with respect to an article which is part of a set, shall be based upon the basis that the entire set has been destroyed or damaged.

D. Settlement of a loss with respect of an article which is part of a set, shall be based upon a reasonable proportion of the value of the set, but not the entire set.

ANSWER: D

Explanation:

“Settlement of a loss with respect to an article which is part of a set, shall be based upon a reasonable proportion of the value of the set, but not the entire set” correctly describes the Pair and Set clause. This provision applies where damaged, destroyed, or missing property is one component of a pair or set whose items may have greater value when kept together—for example, a single earring from a pair, one chair in a matching dining suite, or an individual piece of flatware. The clause

preserves the principle of indemnity by requiring the insurer to compensate the insured for the actual financial loss arising from the loss of that particular item, rather than automatically treating the whole pair or set as a total loss. The settlement considers a fair and reasonable proportion of the set's value and the effect that the loss has on its value. This avoids placing the insured in a better financial position than immediately before the loss while still recognizing that the remaining items can be less valuable because the set is incomplete. The Insurance Institute of Canada identifies indemnification as a foundational property-insurance principle; policy conditions such as Pair and Set apply that principle to claims involving collections and matched property. See the Insurance Institute insurance glossary and the Insurance Bureau of Canada's overview of how insurance works.

QUESTION NO: 5

A Level 1 broker is interested in removing their "Acting Under Supervision" restriction to become a Level 2 (Unrestricted) broker. According to the RIBO licensing structure, what is the standard requirement to achieve this advancement?

A. Complete 2 years of experience as a Level 1 broker and pass the Level 2 (Technical) examination.

B. Complete 1 year of experience as a Level 1 broker and obtain a recommendation from their Principal Broker.

C. Simply complete 24 hours of Continuing Education (CE) credits in a single year.

D. There is no longer a Level 2; all brokers move directly from Level 1 to Level 3 Management.

ANSWER: A

Explanation:

Complete 2 years of experience as a Level 1 broker and pass the Level 2 (Technical) examination. This is the standard progression for an Ontario RIBO registrant seeking to remove the "Acting Under Supervision" restriction. A Level 1 registration permits an individual to act as an insurance broker only while supervised by an appropriately qualified registrant. To qualify for unrestricted Level 2 registration, the broker must first build the required practical experience as a Level 1 registrant, generally two years of experience acquired within the applicable five-year period. The applicant must also successfully complete the Level 2 licensing examination, commonly described as the technical examination. Together, these requirements demonstrate both practical familiarity with brokerage work and the technical knowledge needed to conduct insurance business without the Level 1 supervision restriction. The Level 2 qualification is therefore a licensing advancement based on both experience and examination success, rather than on continuing-education hours or an employer recommendation alone. RIBO administers Ontario's broker registration framework and publishes registration and licensing information at RIBO. Information on the technical education supporting RIBO licensing is available from the Insurance Institute of Canada's RIBO Level 2 course page.

QUESTION NO: 6

Brianna takes a call from a prospective new client who has an operation nearby. While evaluating the risk, Brianna finds that the client holds specialized events requiring a liquor license. What step should Brianna NOT take?

A. Submit a completed application to all carriers to get a quote.

B. Review the marketplace to find specialized markets that include alcohol liability.

C. Review specialized markets, limits, deductibles and exclusions.

D. Discuss limits and coverage with the insured.

ANSWER: A

Explanation:

Submit a completed application to all carriers to get a quote. is the step Brianna should not take. A broker's role includes assessing the client's operations, identifying the exposures created by the licensed events and alcohol service, and approaching insurers whose underwriting appetite and products are suitable for that particular risk. Broadly distributing a completed application to every carrier is not a disciplined marketing approach and can unnecessarily disclose the

prospective client's information, create duplicate submissions, and complicate the placement process. Instead, Brianna should narrow the market search to insurers or specialty facilities that can consider liquor liability, then compare the relevant coverage features and discuss appropriate limits and terms with the client. This supports informed client advice and helps ensure that the insurance placement reflects the actual operations and exposures. Ontario brokers are expected to act professionally and in accordance with their duties to consumers; appropriate handling of client information is also an important part of that responsibility. See the RIBO Code of Conduct and the FSRA information for insurance brokers.

QUESTION NO: 7

A client has a homeowner's policy with replacement cost coverage for personal property. A covered fire loss destroys several items, including a 3-year-old television originally purchased for $2,000. The same model today retails for $1,500. The insurer issues a cheque for $1,500 to replace the TV. Which of the following best explains how the principle of indemnification is applied in this situation?

A. The insurer is overpaying the claim because the item has depreciated.

B. The insurer should have paid the original purchase price since that reflects the insured's original investment.

C. The insurer is correctly applying replacement cost to restore the insured to their pre-loss position with an item of similar like kind & quality.

D. The insurer should reduce the payment based on the TV's actual cash value, even though replacement cost is selected.

ANSWER: C

Explanation:

The insurer is correctly applying replacement cost to restore the insured to their pre-loss position with an item of similar like kind & quality. Indemnification aims to put an insured, as nearly as money can, in the same financial position after a covered loss as immediately before it; it is not intended to create a profit or reimburse an historical purchase decision. With replacement-cost coverage for contents, the relevant measure is the current cost of obtaining property of like kind and quality, subject to the policy's terms, conditions, limits, and any applicable replacement requirements.

Here, a comparable replacement television is available for $1,500 at the time of loss. Paying that amount gives the client the funds needed to replace the destroyed television without applying depreciation, while also avoiding a windfall based on its former $2,000 purchase price. The fact that the television is three years old does not change the replacement-cost basis stated in the question. Ontario's statutory conditions address claim settlement and replacement-cost arrangements in the standard policy framework; the applicable wording and endorsements govern the precise payment process. See Ontario's Insurance Act Regulation 777 and the Insurance Bureau of Canada's overview of how insurance works.

QUESTION NO: 8

Your client has been renting a house and carries a Tenants Comprehensive policy through your office. They are getting married soon and has just bought a house into which they will soon move. Which of the following actions should you NOT do?

A. Endorse their Tenants policy to show the new address and add building coverage in the amount of the purchase price of the house.

B. Use a Home Calculator to estimate the replacement cost of the house.

C. Check into the security arrangements in the house as it may affect the premium to be charged.

D. Cancel their Tenant policy and re-write their insurance as a Homeowners policy.

ANSWER: A

Explanation:

“Endorse their Tenants policy to show the new address and add building coverage in the amount of the purchase price of the house.” is the action the broker should not take. Once the client takes ownership and occupies the dwelling, the insurance must be arranged on an owner-occupied homeowners form that reflects the client’s changed insurable interest and includes appropriate dwelling, contents, and personal-liability protection. A tenants policy is intended for a person’s contents and liability as a tenant; it is not simply converted into suitable owner-occupied building insurance by changing the address and adding a building limit.

Further, the purchase price is not an appropriate basis for the dwelling amount of insurance. Real-estate purchase price reflects market conditions and includes land value, while land is not subject to physical loss in the same way as the dwelling. The building limit should instead be based on the estimated replacement cost: the cost to rebuild the home using current labour and material costs, subject to the policy terms and insurer’s valuation approach. Establishing a sound replacement-cost estimate is essential to helping the client maintain adequate property insurance and avoid a coverage shortfall following a major loss. See the Insurance Bureau of Canada’s home insurance overview and its guidance on determining how much home insurance is needed.

QUESTION NO: 9

A Broker enters the requested coverages and deductibles into their quoting software to obtain a quote for a client's automobile insurance request. When the quotes are generated, the Broker notices that some insurance companies have quoted with different deductibles or coverage limits. What should the broker do?

A. Review all quotes noting the coverage and deductible differences and present the options to the clients along with the quoted premiums.

B. Review all quotes and offer the client a quote with the carrier that is most comparable to the coverage and deductibles requested, regardless of the price.

C. Review all quotes and offer the lowest price, regardless of the coverage limits and deductible options.

D. Review all quotes and offer only the top three quotes that offer similar coverage and deductibles.

ANSWER: A

Explanation:

Review all quotes noting the coverage and deductible differences and present the options to the clients along with the quoted premiums. A quote is not comparable merely because it has a lower premium: deductibles, limits, endorsements, exclusions, and other policy terms can materially affect both the protection the client receives and the amount the client would have to pay following a loss. The broker should therefore review the insurer responses carefully, identify the differences from the client’s requested coverage, and communicate those differences clearly enough for the client to make an informed decision. This includes matching each quoted premium to its actual coverage and deductible terms rather than presenting price in isolation.

This approach reflects the broker’s professional obligation to act honestly, competently, and in the client’s interests. It also creates a clear record that the client was provided with meaningful information about the available insurance solutions and their respective costs. Ontario’s requirements governing the conduct of insurance brokers are set out in Ontario Regulation 991. RIBO’s licensing and education resources also emphasize the knowledge and professional competence expected of Ontario insurance brokers: RIBO Licensing.

QUESTION NO: 10

Sally and Tammy rent a vehicle for a trip to New York. Sally is listed as a driver on a private passenger vehicle policy in Ontario and has the Ontario Policy Change Form (OPCF) 27 coverage on her policy, but Tammy made the reservation and Sally is listed as the driver. Tammy is not listed on anyone’s policy. Who will be covered to drive the rental vehicle?

A. Both Sally and Tammy.

B. Neither Sally nor Tammy.

C. Only Sally.

D. Only Tammy.

ANSWER: C

Explanation:

Only Sally is covered because she is the person identified as the driver of the rental vehicle and she has OPCF 27 coverage under her Ontario private passenger automobile policy. OPCF 27, commonly called Legal Liability for Damage to Non-Owned Automobiles coverage, extends the insured's policy protection for legal liability arising from damage to an eligible vehicle that the insured does not own, such as a rental vehicle. This coverage is intended to respond when the insured rents or operates a qualifying non-owned automobile, subject to the form's terms, conditions, limits, and exclusions.

The relevant connection is Sally's insurance coverage and her status as the listed rental driver. Tammy's act of making the reservation does not itself give her insurance protection under Sally's endorsement. Coverage for a rental vehicle depends on the applicable automobile policy and endorsement, as well as the insured person's permitted use of the rental automobile—not simply who arranged the booking. The Ontario Automobile Policy framework permits policy changes and endorsements, including coverage relating to non-owned automobiles, to modify the protection available under a personal auto policy. See the Financial Services Regulatory Authority of Ontario's information on Ontario automobile insurance and the Insurance Bureau of Canada's guidance on renting a car.

QUESTION NO: 11

What is the mandate of the Canadian Council of Insurance Regulators (CCIR.?

A. To facilitate public knowledge of the Ontario Auto and Homeowners Policies.

B. To regulate the insurers' coverage and premiums in Ontario for the fair treatment of consumers.

C. To regulate and promote the fair treatment of the Canadian consumer.

D. To facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest.

ANSWER: D

Explanation:

The correct answer is "To facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest." The Canadian Council of Insurance Regulators is an interjurisdictional association of insurance regulators from across Canada, including provincial, territorial, and federal regulatory authorities. Its role is to provide a forum in which those authorities can collaborate on insurance regulatory matters, share information and develop coordinated approaches to common issues. This cooperation supports greater consistency and effectiveness in the oversight of insurers and insurance intermediaries while respecting that insurance regulation is carried out by the relevant jurisdictions. The CCIR's published mission expressly focuses on facilitating and promoting an efficient and effective insurance regulatory system in Canada in order to serve the public interest. This public-interest mandate is advanced through regulatory coordination, policy work, and collaboration with other organizations involved in insurance supervision and consumer protection. It is therefore broader than regulating a particular provincial insurance product, setting Ontario premiums, or acting as a single national regulator of all consumer insurance matters. See the CCIR's About CCIR page and its official website.

QUESTION NO: 12

Taro has a homeowner's insurance policy and purchases a 20 feet wakeboard boat with an inboard motor that has 115 horsepower. Does Taro need a separate insurance policy for the boat?

A. No, watercrafts are covered under the homeowner's policy and Taro does not need to notify their insurer.

B. No, but Taro needs to notify their insurer about the new boat.

C. Yes, homeowner policies have special limits on watercrafts and this boat would exceed those limits.

D. Yes, Taro needs to get special marine insurance that can be purchased through the boat dealership.

ANSWER: C

Explanation:

Yes, homeowner policies have special limits on watercrafts and this boat would exceed those limits. Homeowners insurance can provide limited coverage for certain small watercraft, but eligibility depends on the precise policy wording, including the craft's length, type of propulsion, and motor output. In standard Canadian personal-property wordings, automatic coverage for an owned motorized watercraft is commonly limited to an outboard motor of no more than 9.9 horsepower (7.5 kW); inboard-powered boats generally require specific coverage to be added or a separate watercraft policy. A 20-foot wakeboard boat with a 115-horsepower inboard motor is well beyond the kind of low-powered craft typically contemplated by automatic homeowners coverage. The broker should identify the boat's construction, use, location, value, and liability exposure, then arrange appropriate watercraft insurance or an applicable endorsement. This is especially important because boat insurance can address physical damage to the boat and equipment as well as third-party legal liability arising from its operation. Ontario's insurance regulator also advises consumers to discuss boat-insurance needs with a licensed insurance professional and to ensure the selected policy fits the vessel and intended use. See the Registered Insurance Brokers of Ontario and the Financial Services Regulatory Authority of Ontario consumer insurance resources.

QUESTION NO: 13

According to the Statutory Conditions of a Fire Policy, Statutory Condition 2 - Property of Others states that the insurer is NOT liable for property owned by others unless:

A. The property is worth less than $500.

B. The interest of the insured in that property is specifically stated in the contract.

C. The property is located in the insured's backyard.

D. The owner of the property also has their own insurance.

ANSWER: B

Explanation:

The interest of the insured in that property is specifically stated in the contract. Statutory Condition 2 limits the insurer's liability for loss or damage to property owned by someone other than the insured. Coverage can apply where the policy expressly identifies the insured's interest in the other person's property. This requirement matters because an insurance policy is intended to protect the insured's own legally recognized financial interest in property; it does not automatically insure every item that may be in the insured's care, custody, or possession. For example, a business may have a defined interest in customers' property that it is holding, repairing, or storing. To insure that exposure under a fire policy subject to the statutory conditions, the nature of that interest must be specifically stated in the insurance contract. The condition promotes clarity between the insurer and insured about what property-related interest is being insured and the scope of coverage intended. Ontario's statutory conditions for fire insurance are set out in the Insurance Act, RSO 1990, c. I.8. The province's regulator also provides consumer and industry information concerning property insurance through the Financial Services Regulatory Authority of Ontario.

QUESTION NO: 14

Which of the following situations is covered under the "Watercraft, Outboard Motor Trailer, and Miscellaneous Equipment" coverage rider attached to a Homeowners policy?

A. A scheduled boat and motor vessel used to carry cottagers from the marina to their island property for compensation.

B. A loss, not otherwise excluded, to an insured outboard motor while being used by the insured in Florida.

C. Damage to the hull of the watercraft caused by ice resulting from failure to drain the compartments when the watercraft was stored for the winter.

D. Damage caused by beavers using the watercraft as a winter home while in storage in the insured's boathouse.

ANSWER: B

Explanation:

A loss, not otherwise excluded, to an insured outboard motor while being used by the insured in Florida is covered because the Watercraft, Outboard Motor Trailer, and Miscellaneous Equipment rider provides direct physical loss or damage protection for specifically insured watercraft equipment, including an insured outboard motor, subject to the rider's terms, exclusions, limits, and deductible. The rider's territorial scope includes Canada and the continental United States, so the fact that the insured is using the outboard motor in Florida does not itself remove coverage. Coverage remains dependent on the loss being accidental and not falling within an applicable exclusion; this is why the wording "not otherwise excluded" is important. In practice, the outboard motor should be accurately described and insured for the required amount on the policy or rider schedule, and the insured must comply with policy conditions such as prompt notice of loss and reasonable protection of the property after a loss. The Insurance Institute's educational resources describe how personal-property and optional homeowners coverages operate within policy wording and conditions; see Insurance Institute of Canada resources. Ontario policy forms and insurance oversight information are also available through FSRA's property insurance information.

QUESTION NO: 15

An insured dies in a fire at their home caused by careless smoking. What action will the insurer of the dwelling take?

A. Deny the loss to building and contents as the insured caused the fire.

B. Pay the loss to the building and contents to the insured's estate.

C. Pay the building and contents loss into Court in trust.

D. Be unable to pay the property loss as the named insured is no longer available to sign the proof of loss.

ANSWER: B

Explanation:

Pay the loss to the building and contents to the insured's estate. Careless smoking describes negligence, not a deliberate attempt to cause a fire. Property insurance is intended to respond to fortuitous, accidental physical loss or damage within the policy's coverage, and an insured's negligent conduct does not by itself remove coverage. Assuming the dwelling and contents are insured, the insurer adjusts the covered fire loss under the policy terms and applicable limits.

The insured's death does not end the insurance or prevent the claim from being handled. Ontario's statutory conditions provide that, when an insured dies, the insurance continues for the benefit of the insured's legal representative. The executor, administrator, or other properly authorized estate representative can therefore deal with the insurer, provide required claim information, and execute a proof of loss where one is required. Payment is made to the estate, subject to such matters as mortgagee interests, named additional insureds, or other valid claims to the policy proceeds. This preserves the policy protection that existed at the time of the fire and permits the estate to receive the indemnity payable for the covered property damage.

See Ontario's Insurance Act, including the statutory conditions applicable to fire insurance, and the Ontario regulation prescribing statutory conditions.

QUESTION NO: 16

A member has been found guilty of misconduct by determination of the discipline committee. Which is NOT a likely penalty?

A. Imposing a fine that the committee deems appropriate to a maximum amount prescribed in the regulations.

B. Revoking the certificate of the member.

C. Receiving a jail sentence based on the severity of the misconduct.

D. Reprimanding the member and, if deemed warranted, directing that the reprimand be recorded.

ANSWER: C

Explanation:

Receiving a jail sentence based on the severity of the misconduct. is the correct choice because the Discipline Committee's authority under Ontario's *Registered Insurance Brokers Act* is regulatory and disciplinary, rather than criminal. Once it finds a member guilty of misconduct or incompetence, the Committee may make orders affecting the member's certificate of registration and professional standing. Its statutory disciplinary powers include revocation or suspension of a certificate, the imposition of terms, conditions, or restrictions, a reprimand that may be recorded, a fine up to the prescribed amount, costs, and requirements related to education or reporting. These measures protect consumers and support compliance with the professional standards governing registered insurance brokers.

Imprisonment is not an order that the Discipline Committee may impose through its disciplinary process. A jail term is a criminal or quasi-criminal court sanction and can only result where applicable legislation creates an offence and the matter is prosecuted before a court with jurisdiction to impose that sentence. It does not arise merely from the Committee's finding of professional misconduct. The Committee's decision concerns registration, conduct, and regulatory consequences for the broker.

The Committee's penalty authority is set out in section 17 of Ontario's Registered Insurance Brokers Act. RIBO also describes the discipline process and available sanctions on its Discipline page.

QUESTION NO: 17

An accounting firm makes an error in tax filing for a client, and the client is charged 3 times the tax amount from CR

A.

Which part of the accounting firm insurance policy will pay for damages, if the client takes legal action against the accounting firm?

A. Commercial General Liability.

B. Cyber Liability Coverage.

C. Business Interruption Coverage.

D. Professional Liability.

ANSWER: D

Explanation:

Professional Liability is the appropriate coverage because the alleged loss arises from an accounting firm's professional service: preparing and filing a client's tax return. Professional liability insurance, also called errors and omissions insurance, is designed to respond when a client alleges that a professional made a negligent error, omission, or failure in delivering specialized services and seeks financial damages as a result. In this situation, the tax-filing error has allegedly caused a direct financial loss to the client, and the client has commenced legal action against the firm. Subject to the policy wording, limits, deductible, and any applicable exclusions, professional liability coverage can pay for the firm's legal defence costs and damages the firm is legally obligated to pay following a covered claim. This protection is particularly important for accountants because their advice, calculations, filings, and administrative work can create pure financial loss for clients without involving bodily injury or property damage. The Insurance Bureau of Canada describes errors and omissions insurance as coverage for claims arising from professional mistakes or negligence: IBC—Types of business insurance. The Canadian government also recognizes that professional liability insurance addresses liability associated with professional services: Government of Canada—Business insurance.

QUESTION NO: 18

What does the acronym COPE stand for?

A. Commercial Operating Procedure Endorsement.

B. Construction Occupancy Protection Exposure.

C. Construction Outdoor Policy Exclusion.

D. Commercial Office Policy Endorsement.

ANSWER: B

Explanation:

Construction Occupancy Protection Exposure is the standard meaning of COPE in property insurance underwriting. It provides a practical structure for identifying and describing the features of a property that materially affect the likelihood and potential severity of a loss. Construction addresses the building's physical characteristics, such as its materials, age, height, and fire-resistance features. Occupancy concerns how the premises are used, since activities conducted in a building can substantially change its fire, liability, or other hazard profile. Protection refers to safeguards including sprinklers, fire alarms, extinguishers, hydrants, fire department access, and private protection systems. Exposure considers hazards external to the insured premises, such as neighbouring occupancies, adjacent combustible buildings, wildfire-prone areas, or other nearby sources of loss. Gathering COPE information helps a broker present a risk accurately to insurers and helps an underwriter determine acceptability, appropriate terms, and pricing. The Insurance Institute's property-insurance learning materials discuss property-risk assessment and the importance of construction, occupancy, protection, and exposure information in underwriting. See the Insurance Institute of Canada's C11 course information and the IRMI definition of COPE.

QUESTION NO: 19

According to Ontario Regulation 991, Section 16, within how many banking days must a broker deposit trust money into a trust account after receiving it?

A. Immediately.

B. 3 banking days.

C. 5 banking days.

D. 30 days.

ANSWER: C

Explanation:

5 banking days. is correct. Section 16 of Ontario Regulation 991 requires a registered insurance broker to deposit trust money received into a trust account no later than five banking days after receiving it. Trust money includes money received in connection with insurance business that is held for another party, such as premium payments collected from clients before remittance to an insurer. The deadline is measured in banking days, which makes the regulatory wording important: it is not simply a general administrative target or a calendar-day calculation.

This requirement supports the broker's fiduciary and financial-control obligations. Prompt deposit helps ensure that client and insurer funds are properly safeguarded, accounted for, and kept within the brokerage's regulated trust-account process. It also creates a clear, auditable timeline for brokerage records and financial oversight. A broker should therefore treat receipt of trust money as triggering a required trust-account deposit process and ensure the deposit is completed within the prescribed five-banking-day maximum. The authoritative wording is available in Ontario Regulation 991, under section 16. Additional regulatory and licensing information for Ontario insurance brokers is available from RIBO.

QUESTION NO: 20

Who is protected by the "Standard Mortgage Clause" in a property insurance policy?

A. The one who borrows the money.

B. The one who lends the money and the insurer of the property.

C. The insured.

D. The insurer of the property.

E. The one who lends the money.

ANSWER: E

Explanation:

The one who lends the money is protected by the Standard Mortgage Clause because that party is the mortgagee: the lender with a secured financial interest in the insured property. The clause gives the mortgagee protection that is separate from the property owner's coverage. In particular, an act, omission, breach of policy condition, or misrepresentation by the owner does not automatically invalidate the mortgagee's insurance interest, provided the mortgagee meets the obligations stated in the clause. Those obligations commonly include notifying the insurer of a known material change in risk, paying premium if the insurer requires it after the owner fails to do so, and providing notice of loss.

This protection recognizes that the lender may suffer a financial loss if the mortgaged property is damaged or destroyed, even where the owner's conduct affects the owner's ability to recover. If the insurer pays the mortgagee and obtains rights against the owner, the clause also addresses the insurer's subrogation and assignment rights. Ontario's standard mortgage clause expressly states that the policy is not invalidated "as to the interest of the Mortgagee" by an act or neglect of the mortgagor or owner. See the Ontario Standard Mortgage Clause and the Insurance Bureau of Canada's home insurance guidance.

QUESTION NO: 21

Which statement regarding the Uninsured Automobile Coverage in your insured's O.A.P. 1 Owner's Policy policy is CORRECT?

A. It provides coverage for liability to others in case your insured forgets to renew their policy.

B. It only covers bodily injury but never accidental damage to the insured's own automobile.

C. It includes a certain amount of coverage for accidental damage to the insured's automobile caused by a hit and run automobile, where neither the owner nor driver of the other automobile is identified.

D. It includes a certain amount of coverage for accidental damage to the insured's automobile provided the owner or driver of the uninsured automobile is identified.

ANSWER: D

Explanation:

It includes a certain amount of coverage for accidental damage to the insured's automobile provided the owner or driver of the uninsured automobile is identified. This accurately describes the property-damage component of Ontario's mandatory Uninsured Automobile Coverage. The coverage responds when an insured is legally entitled to recover damages from an uninsured motorist, including specified damage to the insured automobile and its contents. For a property-damage claim, however, the identity of the uninsured automobile's owner or driver must be established. This identification requirement permits the insurer to confirm that the other automobile was uninsured and to pursue recovery against the responsible person where appropriate. The statutory uninsured-automobile insurance provisions distinguish this requirement from claims involving bodily injury or death, for which an unidentified automobile may qualify when the accident and resulting loss can be established. In practical advising, this means that mandatory uninsured automobile coverage can provide a limited source of recovery for vehicle damage caused by an uninsured, identified motorist, subject to the policy wording, statutory conditions, and applicable limits. The governing requirement appears in Ontario's Insurance Act, which provides the statutory framework for uninsured automobile coverage. Ontario's approved automobile-policy framework is also administered by the Financial Services Regulatory Authority of Ontario.

QUESTION NO: 22

During an internal training session on cyber security, the company emphasizes the importance of recognizing and handling suspicious emails to protect client data and brokerage information. What is the FIRST step you should take when you receive an email from an unknown sender with an attachment?

A. Forward the email to a colleague to verify its content.

B. Delete the email immediately without reviewing it.

C. Move the email to your junk folder without opening it.

D. Report the email to your IT department without opening it.

ANSWER: D

Explanation:

Report the email to your IT department without opening it. An unsolicited email from an unknown sender, particularly one containing an attachment, must be treated as potentially malicious. Attachments can contain malware or direct the recipient to credential-harvesting content, creating a risk to brokerage systems and to confidential client information. Avoiding interaction with the message and attachment prevents accidental execution of harmful content or activation of malicious links.

Reporting the message through the brokerage's established IT or security process is the appropriate first action because it allows trained personnel to assess the email safely, determine whether it is part of a broader phishing campaign, and take protective measures for other employees and business systems. Prompt reporting also supports incident-response procedures and helps preserve relevant information for investigation. The Canadian Centre for Cyber Security advises users to report suspected phishing messages and to avoid clicking links or opening attachments in suspicious emails. Its guidance is available at Get Cyber Safe: Recognize and report phishing. Additional advice on identifying phishing emails is provided by the Canadian Centre for Cyber Security.

QUESTION NO: 23

A homeowner's policy provides "Personal Liability" coverage. How does this differ from "Premises Liability"?

A. Personal Liability covers the insured's legal responsibility for their actions anywhere in the world, whereas Premises Liability applies to liability arising from the insured location(s) described in the policy.

B. Personal Liability only covers family members, while Premises Liability covers guests and strangers.

C. Premises Liability is a mandatory auto coverage, while Personal Liability is optional for homeowners.

D. There is no difference; the terms are used interchangeably in all insurance contracts.

ANSWER: A

Explanation:

Personal Liability covers the insured's legal responsibility for their actions anywhere in the world, whereas Premises Liability applies to liability arising from the insured location(s) described in the policy. This reflects the two practical sources of liability addressed by a homeowners policy. Personal liability responds when an insured's non-business personal activities cause unintentional bodily injury or property damage for which they are legally liable, even when the event happens away from home. Its broad territorial scope is an important feature of personal insurance protection, subject to the policy's wording, exclusions, limits, and conditions.

Premises liability concerns the insured's legal responsibility as an owner, tenant, or occupier of covered premises. The relevant connection is the condition, use, maintenance, or occupancy of the insured property—for example, an injury caused by an unsafe condition at the residence. Describing this coverage as applying to the insured location(s), rather than every property an insured may own or visit, accurately captures why brokers must identify all residences and other property exposures during fact-finding. The Insurance Bureau of Canada provides an overview of homeowners insurance liability protection at IBC: Home Insurance. RIBO's education and competency resources also support the broker's duty to identify client exposures and explain available coverage at RIBO Education.