

Registered Insurance Brokers of Ontario (RIBO) Practice Exam (Sample)

Study Guide



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SAMPLE

Questions

SAMPLE

- 1. O.P.F./O.A.P. #6, Non Owned Automobile Insurance Form is designed to protect:**
 - A. An employer whose employees drive his/her vehicles which they do not own**
 - B. An employee who drives vehicles owned by his/her employer**
 - C. An employer whose employees drive their own vehicles in the course of his/her business**
 - D. An employer who occasionally drives one of his/her employee's automobiles**
- 2. What additional coverage does Comprehensive offer that is not available in Specified Perils?**
 - A. Fire**
 - B. Lightning**
 - C. Radioactive Contamination**
 - D. Vandalism**
- 3. Which of the following is NOT true of recreational vehicles?**
 - A. Coverage should be excluded if an all-terrain vehicle is used in the water.**
 - B. Not all drivers must be licensed.**
 - C. They are permitted to cross highways.**
 - D. Motorized snow vehicles are automatically covered without endorsements.**
- 4. What is the deductible for non-economic loss claims due to an automobile accident?**
 - A. \$10,000**
 - B. \$20,000**
 - C. \$30,000**
 - D. \$50,000**
- 5. Will Homeowners Liability cover damage if an electric wheelchair accidentally runs into a neighbor's fence?**
 - A. No, it covers only property damage**
 - B. No, it only covers personal injuries**
 - C. Yes, it would apply**
 - D. Yes, but only under specific circumstances**

- 6. What function does an extended coverage endorsement attached to a fire policy serve?**
- A. Adds coverage for more perils.**
 - B. Adds a deductible for claims.**
 - C. Reduces the overall premium.**
 - D. Excludes specific types of losses.**
- 7. What must an insurer do when they cancel a policy?**
- A. Notify the insured immediately**
 - B. Comply with the statutory conditions of the policy**
 - C. Offer a partial refund**
 - D. Provide a reason for cancellation**
- 8. What is the legal process used by insurers to collect from a responsible third party?**
- A. Litigation**
 - B. Claim Adjustment**
 - C. Subrogation**
 - D. Arbitration**
- 9. What best defines an unidentified automobile in terms of liability?**
- A. It doesn't have a license plate**
 - B. It is stolen**
 - C. Its driver cannot be identified**
 - D. It has expired insurance**
- 10. What does the Statutory Condition: Termination under the OAP1 not specify?**
- A. The conditions under which a policy can be terminated**
 - B. The actual amount of premium to be refunded**
 - C. The notice period required for termination**
 - D. The penalties for early termination**

Answers

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1. C
2. D
3. D
4. C
5. C
6. A
7. B
8. C
9. C
10. B

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Explanations

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1. O.P.F./O.A.P. #6, Non Owned Automobile Insurance Form is designed to protect:

- A. An employer whose employees drive his/her vehicles which they do not own**
- B. An employee who drives vehicles owned by his/her employer**
- C. An employer whose employees drive their own vehicles in the course of his/her business**
- D. An employer who occasionally drives one of his/her employee's automobiles**

The Non-Owned Automobile Insurance Form (O.P.F./O.A.P. #6) is specifically designed to protect an employer when their employees drive their own vehicles while conducting business-related activities. This type of coverage is crucial as it extends liability protection to the employer for incidents that may occur when employees use their personal vehicles for work purposes. The form helps mitigate the risks associated with this scenario by covering potential liabilities arising from accidents involving those personal vehicles. It is particularly important because personal auto insurance policies might not provide coverage for business-related uses, which could leave the employer exposed to financial loss in the event of a claim. This protection is essential in many industries where employees frequently travel for work-related tasks, ensuring that the employer is safeguarded against potential lawsuits or claims that could arise from the use of personal vehicles in a business context.

2. What additional coverage does Comprehensive offer that is not available in Specified Perils?

- A. Fire**
- B. Lightning**
- C. Radioactive Contamination**
- D. Vandalism**

Comprehensive coverage offers protection against damage caused by vandalism, which includes intentional acts of destruction or damage to your vehicle. This type of coverage is not included in Specified Perils, which only covers specific named perils such as fire, lightning, theft, and certain weather events. Although radioactive contamination is not typically covered under either Comprehensive or Specified Perils, it may be available as an additional endorsement on certain policies. Therefore, D is the most accurate and complete answer.

3. Which of the following is NOT true of recreational vehicles?

- A. Coverage should be excluded if an all-terrain vehicle is used in the water.**
- B. Not all drivers must be licensed.**
- C. They are permitted to cross highways.**
- D. Motorized snow vehicles are automatically covered without endorsements.**

Motorized snow vehicles, such as snowmobiles, often require specific insurance coverage and endorsements to ensure they are properly protected under an insurance policy. Simply having a general recreational vehicle policy does not automatically cover motorized snow vehicles without additional endorsements. Therefore, it isn't correct to state that they are automatically covered. Understanding this helps clarify the importance of ensuring that specific recreational vehicles are adequately insured according to their unique usage and legal requirements. Each type of vehicle, like a snowmobile, typically has its own set of regulations and coverage considerations that must be accounted for in an insurance policy. The other options relate to the use and legality of recreational vehicles; for example, licensing and regulations regarding usage on highways are designed to ensure safety, leaving the distinction of coverage for vehicles like snowmobiles to specific endorsements.

4. What is the deductible for non-economic loss claims due to an automobile accident?

- A. \$10,000**
- B. \$20,000**
- C. \$30,000**
- D. \$50,000**

In Ontario, the deductible for non-economic loss claims resulting from automobile accidents is indeed set at a specific amount, which is crucial to understanding the claims process under the Statutory Accident Benefits Schedule (SABS). For claims pertaining to pain and suffering or other non-economic damages, the deductible has been established at \$30,000. This deductible is a significant aspect of Ontario's auto insurance reform, aimed at reducing the costs associated with minor injury claims while ensuring that those who have suffered more serious injuries still receive meaningful compensation. Therefore, the correct amount reflects legislative efforts to balance the interests of insurers and claimants in managing the financial aspects of claims arising from automobile accidents. Understanding this deductible is essential for brokers when advising clients on the implications of automobile insurance policy terms and the potential financial impact of claims related to non-economic loss.

5. Will Homeowners Liability cover damage if an electric wheelchair accidentally runs into a neighbor's fence?

A. No, it covers only property damage

B. No, it only covers personal injuries

C. Yes, it would apply

D. Yes, but only under specific circumstances

The correct response is that homeowners liability would typically cover damage if an electric wheelchair accidentally runs into a neighbor's fence, which makes the reasoning for this answer valid. Homeowners liability insurance is designed to provide coverage for damages that the homeowner might cause to another person's property. In the scenario where an electric wheelchair unintentionally impacts a neighbor's fence, this would fall under the category of unintentional property damage, which homeowners liability generally protects against. The purpose of this coverage is to cover unforeseen accidents that occur on the insured premises or as a result of their actions. Therefore, this type of incident aligns with the coverage provided by homeowners liability insurance. In contrast, if the other options were considered, one might think that limiting the coverage to only property damage or personal injuries fails to recognize that homeowners liability encompasses a broader spectrum of potential liabilities, including both types of damage. Additionally, if the stance had been that it applies only under specific circumstances, it would imply unnecessary limitations when the general liability coverage would typically apply in straightforward accident scenarios like this one.

6. What function does an extended coverage endorsement attached to a fire policy serve?

A. Adds coverage for more perils.

B. Adds a deductible for claims.

C. Reduces the overall premium.

D. Excludes specific types of losses.

The extended coverage endorsement attached to a fire policy serves to add coverage for more perils beyond what is included in the standard fire policy. This enhancement allows policyholders to protect against a wider range of risks, such as windstorm, hail, explosion, civil commotion, and aircraft damage among others. Such additional coverage is essential for individuals or businesses seeking comprehensive protection for their property against various unforeseen events that could lead to loss or damage. In this context, while adding a deductible or reducing the overall premium may seem beneficial, these actions do not reflect the primary purpose of an extended coverage endorsement. Similarly, excluding specific types of losses would typically be contrary to the intention of broadening coverage. The main objective of this endorsement is to ensure that policyholders have a more robust protection plan in place.

7. What must an insurer do when they cancel a policy?

- A. Notify the insured immediately
- B. Comply with the statutory conditions of the policy**
- C. Offer a partial refund
- D. Provide a reason for cancellation

The requirement for insurers to comply with the statutory conditions of the policy when canceling a policy is crucial. Statutory conditions are legal obligations set out in insurance regulations that dictate how policies must be managed and handled. Compliance ensures that the insurer follows the necessary legal processes and provides protections for the insured, which often includes the proper notice period and specific grounds for cancellation, among other things. In most jurisdictions, statutory regulations outline the terms under which a policy can be canceled and the obligations of the insurer in such cases. By adhering to these conditions, insurers protect both themselves and their clients, ensuring transparency and fairness in the process. The other considerations like notifying the insured immediately, offering a partial refund, or providing a reason for cancellation, while potentially relevant in different contexts, may not be explicitly required by statute in every case. Therefore, the primary responsibility of the insurer lies in complying with the stipulated statutory conditions of the policy.

8. What is the legal process used by insurers to collect from a responsible third party?

- A. Litigation
- B. Claim Adjustment
- C. Subrogation**
- D. Arbitration

The correct answer is subrogation. This legal process occurs when an insurance company, after paying a claim to its insured for a loss, seeks to recover the amount paid from a third party that is deemed responsible for that loss. Subrogation allows insurers to step into the shoes of their insured to pursue a claim against the responsible party, effectively ensuring that the financial burden is placed on the party at fault rather than on the insurer. This process is critical in promoting fairness in the insurance system because it helps prevent insured individuals from profiting from their losses while also allowing insurers to mitigate their payout losses. By recovering funds through subrogation, insurers can maintain lower premiums for their policyholders. Other choices include processes such as litigation, which refers to taking legal action or bringing a lawsuit, but subrogation specifically pertains to the recovery process following the settlement of a claim. Claim adjustment involves evaluating and processing claims rather than collecting from third parties, and arbitration is a method of resolving disputes outside of court that does not pertain to the specific recovery process between an insurer and a responsible third party.

9. What best defines an unidentified automobile in terms of liability?

- A. It doesn't have a license plate**
- B. It is stolen**
- C. Its driver cannot be identified**
- D. It has expired insurance**

An unidentified automobile, particularly in the context of liability, is best defined by the inability to identify the driver. This situation often occurs in cases of hit-and-run accidents where the driver flees the scene, leaving the vehicle untraceable. In such scenarios, the focus is on determining liability for damages or injuries caused, which hinges on whether the driver can be identified. While a vehicle without a license plate, one that is stolen, or one with expired insurance might present specific legal or insurance-related challenges, they do not encapsulate the broader legal concern pivotal to the definition of an unidentified automobile in liability matters. Identifying the driver is crucial for resolving liability, as this directly influences the accountability for any harm caused. The focus on driver identification highlights the need for clarity in liability cases, reinforcing why this option accurately defines an unidentified automobile.

10. What does the Statutory Condition: Termination under the OAP1 not specify?

- A. The conditions under which a policy can be terminated**
- B. The actual amount of premium to be refunded**
- C. The notice period required for termination**
- D. The penalties for early termination**

The correct answer identifies that the Statutory Condition: Termination under the Ontario Accident Policy 1 (OAP1) does not specify the actual amount of premium to be refunded when a policy is terminated. This condition provides general frameworks and rules around how termination occurs, including the circumstances that allow for termination and the required notice period prior to termination. However, it does not delve into the specifics of the premium refund amount, which can vary based on the insurer's policies and the specific terms of the insurance contract. The other elements mentioned in the options—conditions for termination, notice periods, and penalties—are typically important aspects covered in statutory conditions, ensuring that both insurers and policyholders have clarity on their rights and obligations during the termination process.