

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

Study Guide



Everything you need from our exam experts!

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Questions

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- 1. In Ontario, a threshold is described as:**
 - A. A list of covered losses**
 - B. A maximum amount that a policy will pay for any loss involving injuries**
 - C. Determined solely by the person who is injured**
 - D. The definitions of conditions under which an injured person can sue another motorist in order to recover**
- 2. What does Loss of Use coverage typically assist with?**
 - A. Replacement of personal items**
 - B. Covering additional living expenses**
 - C. Compensation for lost wages**
 - D. Reimbursement for property repairs**
- 3. What is the primary purpose of the Liability coverage section in an insurance policy?**
 - A. To provide coverage for property damage**
 - B. To cover losses due to theft**
 - C. To cover injuries caused to others when the insured is found negligent**
 - D. To protect the insured's income from unemployment**
- 4. Which duty is NOT typically expected of a broker?**
 - A. Advising clients on their insurance needs**
 - B. Settling claims on behalf of their clients**
 - C. Assessing risk and providing appropriate coverage**
 - D. Finding the best policy for clients**
- 5. Under OAP 1, the Statutory Condition: Termination does not specify:**
 - A. A. Who may cancel the policy.**
 - B. B. How much notice must be given.**
 - C. C. The actual amount of premium to be refunded.**
 - D. D. How the notice must be given.**

- 6. What percentage of gross income does the basic Income Replacement Benefit under OAP1 Owner's Form typically amount to?**
- A. 60%**
 - B. 70%**
 - C. 80%**
 - D. 90%**
- 7. Is a family cemetery plot included as premises under Homeowners Liability?**
- A. No, it is not included**
 - B. Yes, it is included under specific conditions**
 - C. Only if it has a visible marker**
 - D. It is considered personal property**
- 8. Which of the following is NOT COVERED under the OAP1?**
- A. A. General averages charged when the insured vehicle is jettisoned from a ferry on which it is being transported.**
 - B. B. Towing charges to remove the insured vehicle from a drainage ditch after an accident.**
 - C. C. Custom duties levied when the insured vehicle suffers a blown motor while vacationing in the USA necessitating replacing the motor.**
 - D. D. Damage to the insured auto, caused by a friend of the insured, who borrows the vehicle with permission and is involved in an accident for which she is responsible.**
- 9. Is a joint stock company a profit-making organization owned by its shareholders?**
- A. True**
 - B. False**
 - C. Unknown**
 - D. Partially true**

10. When entering a contract with the insurance company, what is something the broker is NOT authorized to do?

- A. Negotiate policy limits**
- B. Be registered as an insurance agent**
- C. Provide quotes to clients**
- D. Issue renewals for existing policies**

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Answers

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

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Explanations

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1. In Ontario, a threshold is described as:

- A. A list of covered losses**
- B. A maximum amount that a policy will pay for any loss involving injuries**
- C. Determined solely by the person who is injured**
- D. The definitions of conditions under which an injured person can sue another motorist in order to recover**

In Ontario, a threshold is described as the definitions of conditions under which an injured person can sue another motorist in order to recover. Option A is incorrect because a threshold is not a list of covered losses, but rather the conditions that determine when someone can sue for losses. Option B is incorrect because a threshold is not a maximum amount - it refers to the conditions for legal action, not the amount of compensation. Option C is incorrect because a threshold is not determined solely by the injured person, but rather by the laws and regulations of the province of Ontario.

2. What does Loss of Use coverage typically assist with?

- A. Replacement of personal items**
- B. Covering additional living expenses**
- C. Compensation for lost wages**
- D. Reimbursement for property repairs**

Loss of Use coverage is primarily designed to assist with covering additional living expenses incurred when a home becomes uninhabitable due to a covered peril, such as a fire or flooding. This coverage helps policyholders manage costs associated with temporary accommodations, meals, and other living expenses that arise while repairs to the home are being made. While other options mention important aspects of insurance, they don't align with the specific purpose of Loss of Use coverage. Replacement of personal items relates to coverage for personal property. Compensation for lost wages pertains to income protection, and reimbursement for property repairs directly involves property insurance coverage rather than additional living expenses. Thus, the focus on additional living expenses is what makes the correct choice relevant to Loss of Use coverage.

- 3. What is the primary purpose of the Liability coverage section in an insurance policy?**
- A. To provide coverage for property damage**
 - B. To cover losses due to theft**
 - C. To cover injuries caused to others when the insured is found negligent**
 - D. To protect the insured's income from unemployment**

The primary purpose of the Liability coverage section in an insurance policy is indeed to cover injuries caused to others when the insured is found negligent. This coverage is essential as it protects the insured from financial loss resulting from legal claims made against them due to their actions or inactions that lead to harm or injury to a third party. Liability coverage is critical in situations where the insured might be held responsible for damages, including medical expenses, lost wages, or other costs incurred by the injured party. This protection helps ensure that the insured does not face overwhelming out-of-pocket expenses in the event of a lawsuit. The other options, while they represent valid types of insurance coverage, do not pertain specifically to the Liability coverage. For example, property damage coverage protects the insured's own property against damage or loss, theft coverage addresses losses resulting from stolen items, and unemployment protection relates to safeguarding income in the event of job loss. None of these options capture the essence of what liability coverage is designed to address.

- 4. Which duty is NOT typically expected of a broker?**
- A. Advising clients on their insurance needs**
 - B. Settling claims on behalf of their clients**
 - C. Assessing risk and providing appropriate coverage**
 - D. Finding the best policy for clients**

Settling claims on behalf of clients is not typically a duty of a broker. Brokers primarily serve as intermediaries between the client and the insurance company, focusing on selling insurance products and ensuring clients have suitable coverage based on their needs. Their role includes advising clients on insurance options, assessing risks, and helping them find the best policies available in the market. While brokers may assist clients with the claims process by providing guidance, the actual settlement of claims is usually the responsibility of the insurance company itself and its claims adjusters. Thus, the function of directly resolving claims is outside the standard expectations of a broker's duties.

5. Under OAP 1, the Statutory Condition: Termination does not specify:

- A. A. Who may cancel the policy.**
- B. B. How much notice must be given.**
- C. C. The actual amount of premium to be refunded.**
- D. D. How the notice must be given.**

The Statutory Condition Termination does not specify the actual amount of premium to be refunded. This information can vary depending on the specific circumstances of the policy and the termination. However, the other options, listed in the Statutory Condition, are specified and must be followed. This includes who may cancel the policy, how much notice must be given, and how the notice must be given. Therefore, option C is the correct answer because it is not specified in the Statutory Condition.

6. What percentage of gross income does the basic Income Replacement Benefit under OAP1 Owner's Form typically amount to?

- A. 60%**
- B. 70%**
- C. 80%**
- D. 90%**

The correct answer is 70%. The basic Income Replacement Benefit under OAP1, which is Ontario's Automobile Policy, is designed to provide compensation for lost income due to an automobile accident. This benefit typically replaces a percentage of a person's gross income, ensuring that individuals have financial support while they recover from their injuries. The choice of 70% is based on the policy's structure, which aims to balance providing adequate income support without fully compensating for lost earnings, as this could discourage individuals from returning to work. The percentage of 70% has been established in the insurance framework as a standard to facilitate recovery while also managing insurance costs. Other percentages offered in the options, while they may represent various coverage options in different contexts, do not align with the standard benefit percentage outlined in OAP1.

7. Is a family cemetery plot included as premises under Homeowners Liability?

- A. No, it is not included**
- B. Yes, it is included under specific conditions**
- C. Only if it has a visible marker**
- D. It is considered personal property**

The inclusion of a family cemetery plot as premises under Homeowners Liability is indeed subject to specific conditions, making the choice that recognizes these conditions correct. Generally, a family cemetery plot can be considered part of the premises of the home, but this inclusion is dependent on factors like ownership, location, and how it is treated in relation to the insured property. When a cemetery plot is owned by the homeowner and is located adjacent to or within the proximity of the insured property, it may be considered as part of the premises for liability purposes. This means that any liability arising from activities in or around that cemetery plot could potentially be covered under a typical homeowners policy, contingent on the specifics outlined in the policy. This understanding helps clarify the nature of coverage in homeowners insurance, particularly regarding unique situations like cemetery plots, recognizing that proper assessment and conditions of coverage are crucial in determining the applicable insurance liability.

8. Which of the following is NOT COVERED under the OAP1?

- A. A. General averages charged when the insured vehicle is jettisoned from a ferry on which it is being transported.**
- B. B. Towing charges to remove the insured vehicle from a drainage ditch after an accident.**
- C. C. Custom duties levied when the insured vehicle suffers a blown motor while vacationing in the USA necessitating replacing the motor.**
- D. D. Damage to the insured auto, caused by a friend of the insured, who borrows the vehicle with permission and is involved in an accident for which she is responsible.**

The option that is NOT COVERED under the OAP1 is option C. This is because the OAP1 policy only covers damage to the insured vehicle due to collision or upset, not mechanical breakdown or failure. Options A and B are both covered under the OAP1 policy, as they involve damage to the vehicle due to an accident. Option D is also covered, as it involves damage to the vehicle caused by a third party with the insured's permission. This means that as long as the friend is legally responsible for the accident, the damages would be covered under the OAP1 policy.

9. Is a joint stock company a profit-making organization owned by its shareholders?

A. True

B. False

C. Unknown

D. Partially true

A joint stock company is indeed a profit-making organization owned by its shareholders. The primary characteristic of a joint stock company is that ownership is divided into shares, which are held by the shareholders who invest capital into the company. These shareholders have the potential to earn profits through dividends, which are distributions of the company's profits based on the number of shares they own. This structure allows for the accumulation of capital for larger business ventures while limiting the liability of the shareholders to the amount they have invested. Therefore, characterizing a joint stock company as a profit-making organization owned by its shareholders is accurate.

10. When entering a contract with the insurance company, what is something the broker is NOT authorized to do?

A. Negotiate policy limits

B. Be registered as an insurance agent

C. Provide quotes to clients

D. Issue renewals for existing policies

The correct choice indicates that being registered as an insurance agent is something the broker is not authorized to do when entering into a contract with the insurance company. Brokers operate under a different capacity compared to agents. They represent the client and facilitate the purchase of insurance on behalf of the clients, not the insurance companies. The function of a broker is primarily to connect clients with various insurance options available in the market based on their needs. Unlike insurance agents, who have a contractual relationship with specific insurance companies and work primarily for those companies, brokers must act in the best interests of their clients, often placing them in a position to offer multiple quotes and policies from various providers. This distinction underscores the independence of brokers, who don't represent a single insurance company's interests. Their role is focused on advocating for their clients rather than being formal representatives of the insurance companies themselves. Other options involve activities that brokers are indeed authorized to perform. They can negotiate policy limits, provide quotes to clients, and issue renewals for existing policies, all of which are essential functions of a broker in the insurance transaction process.