

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. If an elderly resident without a car is injured by a hit and run driver, whom can they seek benefits from?**
 - A. The insurer of their spouse's vehicle**
 - B. The government**
 - C. The unidentified driver's insurance**
 - D. Their own insurance policy**
- 2. Rising water is covered under:**
 - A. All perils only**
 - B. Comprehensive only**
 - C. Comprehensive but not Specified Perils**
 - D. All perils, Comprehensive and Specified Perils**
- 3. Which peril is excluded under a Fire and Extended Coverage policy?**
 - A. Windstorm damage.**
 - B. Theft.**
 - C. Earthquake.**
 - D. Lightning.**
- 4. If an insured belongs to a car pool, which statement regarding coverage against claims from passengers for injuries is correct?**
 - A. The standard policy requires an additional endorsement**
 - B. The insured is automatically covered by the standard policy**
 - C. Only the driver is covered for liability**
 - D. Coverage only applies if the passengers are family**
- 5. Under the Registered Insurance Brokers Act of Ontario, when is an individual required to be registered?**
 - A. If they negotiate an insurance contract and receive compensation on behalf of another**
 - B. If they sell insurance directly to customers**
 - C. If they provide general advice about insurance**
 - D. If they exclusively work with one insurance company**

6. Which of the following accidents would be considered a loss under Section 7.1.2.B, Comprehensive of an O.A.P. 1 Owner's Form Policy?

- A. Your insured's windshield was smashed by a falling boulder while driving through a rock-slide area**
- B. Your insured, while passing another vehicle at the entrance to a narrow bridge, struck the bridge abutment**
- C. Your insured severely damaged the undercarriage of his vehicle when he/she struck a pot-hole in the roadway**
- D. Your insured's towing trailer, stopped quickly and the trailer struck the rear of his/her automobile damaging both vehicles**

7. Which scenario is covered by the RIBO Homeowner's Form?

- A. A tree falls on the house**
- B. Pipes freeze and burst causing water damage while the insured is away overnight**
- C. The insured's car is stolen**
- D. The insured's roof leaks**

8. What does "indemnification" refer to in insurance?

- A. The act of providing payment for a loss**
- B. A method of calculating premiums**
- C. The process of underwriting a policy**
- D. A legal term for policyholder rights**

9. What best describes a fiduciary in the context of insurance?

- A. One who is insured against liability**
- B. One who holds goods on behalf of another**
- C. One who is responsible for claims payment**
- D. One who assesses risk for an insurer**

10. A cigarette sets the automobile seat on fire and causes \$450 damage. The policy shows a \$300 deductible under Specified Perils. The insurer would pay:

- A. \$0**
- B. \$150**
- C. \$300**
- D. \$450**

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Answers

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

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Explanations

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1. If an elderly resident without a car is injured by a hit and run driver, whom can they seek benefits from?

- A. The insurer of their spouse's vehicle**
- B. The government**
- C. The unidentified driver's insurance**
- D. Their own insurance policy**

In the scenario where an elderly resident without a car is injured by a hit-and-run driver, the correct choice is the insurer of their spouse's vehicle. In Ontario, under the Insurance Act, if an individual does not have their own car insurance, they may be able to seek benefits from the insurance of a family member who resides with them. This includes the insurance policy of a spouse. This law is designed to ensure that individuals who may not have their own coverage still have access to insurance benefits in cases of accidents, including those involving unidentified drivers. The concept relies on the "family protection coverage" that provides access to benefits through family members' policies. In contrast, seeking compensation from the government is generally not an option unless specific programs were in place for such instances, and these often do not cover personal injuries from hit-and-run incidents. The option related to the unidentified driver's insurance is unavailable because without identifying the hit-and-run driver, it is impossible to file a claim against their insurance. Lastly, while someone may consider their own insurance policy, since the resident has no vehicle and presumably no insurance of their own, this avenue is not viable. Thus, the most applicable recourse is indeed to seek benefits from their spouse's insurance policy.

2. Rising water is covered under:

- A. All perils only**
- B. Comprehensive only**
- C. Comprehensive but not Specified Perils**
- D. All perils, Comprehensive and Specified Perils**

Rising water is not only covered under All Perils or Comprehensive, as options A and B state. It is also not only covered under Comprehensive but not Specified Perils, as option C suggests. The correct answer is D because it includes all three types of coverage - All Perils, Comprehensive, and Specified Perils - making it the most comprehensive and accurate option. This means that rising water is covered under multiple types of insurance to provide the best protection for your property.

3. Which peril is excluded under a Fire and Extended Coverage policy?

- A. Windstorm damage.**
- B. Theft.**
- C. Earthquake.**
- D. Lightning.**

A Fire and Extended Coverage policy typically excludes certain perils that are not directly related to fire or its extensions. Earthquake is one of those perils that is commonly excluded from such policies. Fire policies are primarily designed to cover losses resulting from fire, smoke, and certain direct extensions, such as lightning and windstorm damage under extended coverage. While windstorm damage, theft, and lightning might be covered under specific conditions or additional endorsements in other types of policies, earthquake damage is not covered by standard Fire and Extended Coverage policies. This exclusion is significant because earthquakes can cause substantial damage, and separate earthquake coverage options exist to address this risk. Getting this coverage generally requires a specific endorsement or a separate policy exclusively for earthquake risks. In summary, earthquake is excluded under a Fire and Extended Coverage policy because it is considered a separate risk requiring different coverage.

4. If an insured belongs to a car pool, which statement regarding coverage against claims from passengers for injuries is correct?

- A. The standard policy requires an additional endorsement**
- B. The insured is automatically covered by the standard policy**
- C. Only the driver is covered for liability**
- D. Coverage only applies if the passengers are family**

The correct statement regarding coverage against claims from passengers for injuries in the context of an insured belonging to a carpool is that the insured is automatically covered by the standard policy. Typically, standard automobile insurance policies in Ontario provide liability coverage, which includes protection against claims from passengers in the event of an accident. This means that if an insured person is involved in an incident while carrying passengers in a carpool, the insurance policy will typically cover liability claims made by those passengers without the need for additional endorsements or specific exclusions regarding non-family members. The rationale for this coverage aligns with the general purpose of auto insurance, which is to provide liability protection regardless of the relationship between the driver and passengers, as long as the policyholder is complying with all other terms and conditions of the insurance policy. In other contexts, additional endorsements could modify coverage, but the basic coverage for passenger liability is usually included. Coverage limitations typically are not based solely on familial relationships, but rather on situations that relate to the operation of the vehicle and compliance with applicable laws.

5. Under the Registered Insurance Brokers Act of Ontario, when is an individual required to be registered?

- A. If they negotiate an insurance contract and receive compensation on behalf of another**
- B. If they sell insurance directly to customers**
- C. If they provide general advice about insurance**
- D. If they exclusively work with one insurance company**

An individual is required to be registered under the Registered Insurance Brokers Act of Ontario when they negotiate an insurance contract and receive compensation on behalf of another. This requirement emphasizes the role of a broker, who acts as an intermediary between clients seeking insurance coverage and insurance providers. By negotiating contracts and earning a commission or fee, brokers engage in activities that necessitate a formal registration to ensure compliance with regulatory standards and consumer protection laws. Registration ensures that brokers are knowledgeable, adhere to ethical practices, and maintain professionalism in their dealings. The other options relate to different roles within the insurance industry. Selling insurance directly to customers typically falls within the responsibilities of an agent rather than a broker, which may not necessitate the same level of registration under the Act. Providing general advice about insurance can also be done without being registered, as it does not constitute the negotiation or execution of insurance contracts. Working exclusively with one insurer may indicate an agency role rather than a broker role, which further highlights the distinction between these different positions in the insurance landscape.

6. Which of the following accidents would be considered a loss under Section 7.1.2.B, Comprehensive of an O.A.P. 1 Owner's Form Policy?

- A. Your insured's windshield was smashed by a falling boulder while driving through a rock-slide area**
- B. Your insured, while passing another vehicle at the entrance to a narrow bridge, struck the bridge abutment**
- C. Your insured severely damaged the undercarriage of his vehicle when he/she struck a pot-hole in the roadway**
- D. Your insured's towing trailer, stopped quickly and the trailer struck the rear of his/her automobile damaging both vehicles**

Option A is the correct answer because it involves a direct and sudden physical impact, which is covered under the Comprehensive section of an O.A.P. 1 Owner's Form Policy. Option B is incorrect because it involves an accident caused by human error, rather than a sudden impact. Option C is also incorrect because it involves damage caused by a pot hole, which is typically covered under the Collision section of the policy. Option D is incorrect because it involves damage caused by the insured's own actions, rather than an external and sudden impact.

7. Which scenario is covered by the RIBO Homeowner's Form?

- A. A tree falls on the house**
- B. Pipes freeze and burst causing water damage while the insured is away overnight**
- C. The insured's car is stolen**
- D. The insured's roof leaks**

The RIBO Homeowner's Form provides coverage for a range of incidents that can affect a homeowner's property, focusing on risks associated directly with the dwelling itself. In this context, the scenario involving pipes freezing and bursting while the insured is away overnight falls under the provisions typically included in homeowner's insurance policies. This type of loss is a direct result of sudden and accidental water damage, which is often covered by the homeowner's policy. Water damage caused by burst pipes is a common concern for homeowners, especially during cold weather when pipes are at risk of freezing. Since the incident occurs suddenly and unintentionally while the homeowner is not present, it aligns well with the types of perils that homeowner's insurance is designed to address. In contrast, the other scenarios present challenges. A tree falling on the house can be contentious depending on the circumstances surrounding the tree's health and whether it was a known issue prior, while the theft of a car typically falls under auto insurance rather than homeowner's insurance. Leaking roofs might not be covered if the policy does not specifically address maintenance issues or if the leak is attributed to wear and tear, rather than an unforeseen incident. Therefore, the scenario involving the frozen and burst pipes is the one that is most definit

8. What does "indemnification" refer to in insurance?

- A. The act of providing payment for a loss**
- B. A method of calculating premiums**
- C. The process of underwriting a policy**
- D. A legal term for policyholder rights**

Indemnification in insurance refers to the act of providing payment for a loss. When an insurer indemnifies a policyholder, they compensate them for damages or losses incurred, restoring the policyholder to their financial position prior to the incident that caused the loss. This concept is foundational in insurance, as it ensures that the insured is not financially disadvantaged due to covered events. The other options do not capture the essence of indemnification. Calculating premiums involves assessing risk and determining how much a policyholder should pay for coverage, which is unrelated to the compensation mechanism. The process of underwriting a policy focuses on evaluating the risk associated with insuring a client, leading to the decision to provide coverage or not, which again does not align with indemnification. Finally, while policyholder rights in legal terms are important, they pertain more to the entitlements and protections granted to the insured rather than the act of compensation itself.

9. What best describes a fiduciary in the context of insurance?

- A. One who is insured against liability**
- B. One who holds goods on behalf of another**
- C. One who is responsible for claims payment**
- D. One who assesses risk for an insurer**

A fiduciary in the context of insurance refers to a person or organization that has the responsibility to manage someone else's money or property with a high level of care and trust. This relationship involves the fiduciary acting in the best interests of the other party, often referred to as the principal. In the case of the correct answer, describing a fiduciary as someone who holds goods on behalf of another accurately captures this essence. For instance, in insurance, brokers often handle clients' funds, such as premiums or trust accounts, which reinforces the obligation to act in the clients' best interest. The other options, while relevant in the context of insurance, do not embody the core definition of a fiduciary. For instance, being insured against liability reflects a concept of protection rather than the responsibilities involved in fiduciary duties. Responsibilities for claims payments are typically handled by the insurer rather than being a characteristic of the fiduciary role. Assessing risk for an insurer pertains more to underwriting processes and is not a central aspect of fiduciary responsibility.

10. A cigarette sets the automobile seat on fire and causes \$450 damage. The policy shows a \$300 deductible under Specified Perils. The insurer would pay:

- A. \$0**
- B. \$150**
- C. \$300**
- D. \$450**

In this scenario, the total damage caused by the fire is \$450, while the deductible on the insurance policy is \$300. The deductible represents the amount that the policyholder must pay out of pocket before the insurance company covers any remaining losses. To determine the amount the insurer will pay, the deductible is subtracted from the total damage. Specifically, when the \$300 deductible is applied to the \$450 damage, the calculation is as follows: $\$450 \text{ (total damage)} - \$300 \text{ (deductible)} = \150 Therefore, the insurer would cover the remaining \$150 after the deductible has been taken into account. This is why the correct answer is that the insurer would pay \$150.