

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

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## 1. Start with a Diagnostic Review

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## 2. Study in Short, Focused Sessions

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## 3. Learn from the Explanations

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## 4. Track Your Progress

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## 5. Simulate the Real Exam

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## 6. Repeat and Review

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## **Questions**

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- 1. Is the statement "The full average clause allows an insured to underinsure using an average ACV settlement for the type of property" true or false?**
  - A. True**
  - B. False**
  - C. Depends on the insurer**
  - D. Only true for commercial property**
- 2. Which of the following WOULD BE CONSIDERED 'persons insured' under your Uninsured Automobile Coverage?**
  - A. A. The spouse of the insured when hit by an uninsured vehicle while walking the dog.**
  - B. B. The owner of the uninsured automobile.**
  - C. C. Anyone who drives your vehicle, without the owner's consent.**
  - D. D. Your brother who owns his own auto but is injured while riding in your auto.**
- 3. When a client buys a new snowmobile, what type of insurance is recommended to cover it?**
  - A. Comprehensive auto insurance**
  - B. Liability insurance only**
  - C. Coverage under an OAP 1**
  - D. Specific snowmobile insurance**
- 4. What can an insured do if they believe their insurance coverage is insufficient for high-value items?**
  - A. Request a higher deductible**
  - B. Seek a reinsurance arrangement**
  - C. Inquire about a valued contract**
  - D. Purchase a policy endorsement**
- 5. What ensures that the insured is compensated fairly after a loss?**
  - A. Policy Exclusions**
  - B. Indemnity Principle**
  - C. Liability Coverage**
  - D. Subrogation Rights**

**6. What benefits does Third Party Liability coverage provide to the insured?**

- A. Only property damage coverage**
- B. Legal and court costs beyond policy limits**
- C. Medical payments for the injured party**
- D. Repair costs for the insured's vehicle**

**7. Can a broker assign facility business to any insurer regarding risks insured by the Facility Association?**

- A. Yes, they can**
- B. No, it cannot be assigned**
- C. Only to specific insurers**
- D. It depends on the situation**

**8. Which type of insurance would typically require you to have evidence like a policy or binder?**

- A. Health Insurance**
- B. Liability Insurance**
- C. Property Insurance**
- D. Life Insurance**

**9. Which scenario would likely require an individual to obtain registration as an insurance broker?**

- A. Providing advice to friends on insurance options**
- B. Doing informational research on insurance policies**
- C. Assisting a family member in filing a claim**
- D. Receiving compensation for soliciting insurance contracts**

**10. What does it mean for an insurance broker to be "restricted to act under supervision"?**

- A. They can operate independently**
- B. They may not control trust funds**
- C. They can act as a designated individual**
- D. They are permitted to sell all types of insurance**

## **Answers**

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

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## **Explanations**

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**1. Is the statement "The full average clause allows an insured to underinsure using an average ACV settlement for the type of property" true or false?**

- A. True**
- B. False**
- C. Depends on the insurer**
- D. Only true for commercial property**

The statement is false because the full average clause does not permit the insured to underinsure their property. Instead, the full average clause operates on the principle that if property is underinsured at the time of loss, the insurer will apply a penalty that proportionally reduces the claim payout based on the level of underinsurance. This means that if the insured value is less than what is required to fully cover the property at its replacement cost, the settlement will be adjusted downward. In essence, this clause incentivizes policyholders to insure their property for its full value to avoid any potential financial loss at the time of a claim. The average clause generally aims to ensure that insureds maintain an adequate level of coverage, discouraging insufficient insurance practices that can lead to financial hardship during claims situations.

**2. Which of the following WOULD BE CONSIDERED 'persons insured' under your Uninsured Automobile Coverage?**

- A. A. The spouse of the insured when hit by an uninsured vehicle while walking the dog.**
- B. B. The owner of the uninsured automobile.**
- C. C. Anyone who drives your vehicle, without the owner's consent.**
- D. D. Your brother who owns his own auto but is injured while riding in your auto.**

A The spouse of the insured when hit by an uninsured vehicle while walking the dog would be considered 'persons insured' under Uninsured Automobile Coverage because they are a direct relative of the insured and are in close proximity to the accident. B: The owner of the uninsured automobile would not be considered 'persons insured' under Uninsured Automobile Coverage because they would be the ones at fault for driving an uninsured vehicle. C: Anyone who drives your vehicle without the owner's consent would not be considered 'persons insured' under Uninsured Automobile Coverage because they are not covered by the policy when they do not have permission to drive the vehicle. D: Your brother who owns his own auto but is injured while riding in your auto would not be considered 'persons insured' under Uninsured Automobile Coverage because he is not a direct relative and is not listed as a driver on the policy.

**3. When a client buys a new snowmobile, what type of insurance is recommended to cover it?**

- A. Comprehensive auto insurance**
- B. Liability insurance only**
- C. Coverage under an OAP 1**
- D. Specific snowmobile insurance**

When a client purchases a new snowmobile, the recommended insurance to cover it is specific snowmobile insurance. This type of insurance is designed to address the unique risks associated with operating a snowmobile, including coverage for physical damage to the snowmobile itself and liability protection for any damage caused to others while using the vehicle. Specific snowmobile insurance will typically offer a number of coverage options tailored to the needs of snowmobile owners, such as collision coverage, comprehensive coverage for non-collision incidents (like theft or vandalism), and liability coverage that can protect the user from claims related to bodily injury or property damage while riding. While comprehensive auto insurance and liability insurance might provide some form of coverage, they are not specifically designed for snowmobiles and may not provide adequate protection for snowmobile-specific risks. Furthermore, an OAP 1 (Ontario Automobile Policy) is primarily intended for conventional automobiles, and therefore may not cover snowmobiles adequately since they are not classified as standard motor vehicles. Thus, having specific snowmobile insurance is essential for ensuring proper coverage for both the vehicle and the rider's needs.

**4. What can an insured do if they believe their insurance coverage is insufficient for high-value items?**

- A. Request a higher deductible**
- B. Seek a reinsurance arrangement**
- C. Inquire about a valued contract**
- D. Purchase a policy endorsement**

Selecting to inquire about a valued contract is the appropriate action for an insured concerned about insufficient coverage for high-value items. A valued contract specifically guarantees the amount the insurer will pay in the event of a total loss of the insured item. This means that the insured can ensure that their high-value possessions are covered for their full value, rather than being subject to depreciation or market value at the time of loss, which might not reflect their true worth. In contrast, while increasing a deductible could potentially lower premium costs, it does not enhance the coverage available for high-value items and may not provide adequate compensation in the event of a significant loss. Seeking a reinsurance arrangement is typically a consideration for insurers rather than individual insureds; it's a mechanism used by insurance companies to manage risk and is not applicable to personal policyholders. Purchasing a policy endorsement may modify certain terms or add specific coverage, but it may not directly address the fundamental concern of insuring high-value items to their full worth, especially if a valued contract option is available. Thus, inquiring about a valued contract most directly aligns with the need to ensure that high-value possessions are sufficiently and appropriately covered.

## 5. What ensures that the insured is compensated fairly after a loss?

- A. Policy Exclusions**
- B. Indemnity Principle**
- C. Liability Coverage**
- D. Subrogation Rights**

The principle of indemnity is fundamental in insurance, ensuring that an insured party is compensated fairly after a loss. It is designed to restore the insured to the financial position they were in before the loss occurred, without allowing them to profit from the situation. This principle prevents overcompensation and ensures that the compensation reflects the actual loss incurred by the insured. For example, if an individual insures property valued at \$100,000 and suffers a loss of \$40,000, the indemnity principle guarantees that they can claim up to that amount to repair or replace their property, thus maintaining their pre-loss financial state. In contrast, policy exclusions outline conditions or circumstances under which coverage does not apply, which can limit an insured's recovery. Liability coverage refers to insurance that protects against claims resulting from injuries and damage to people or property, but does not directly address the fair compensation of the insured. Subrogation rights allow insurers to pursue recovery from a third party responsible for the loss, but again, this does not directly contribute to ensuring that the insured is compensated fairly.

## 6. What benefits does Third Party Liability coverage provide to the insured?

- A. Only property damage coverage**
- B. Legal and court costs beyond policy limits**
- C. Medical payments for the injured party**
- D. Repair costs for the insured's vehicle**

Third Party Liability coverage is designed to protect the insured from claims made by others for damages they may have caused. This coverage primarily provides financial assistance in the event that the insured is found legally liable for injury or property damage to a third party as a result of their actions. It particularly encompasses the payment of legal costs, court fees, and damages awarded as a result of a lawsuit. Option B stands out as the correct answer because it directly addresses the legal and court costs that may be incurred. If the policy limits are exceeded, the insured might still be liable for these additional costs, underscoring the importance of having comprehensive coverage for both legal protection and associated costs. The other options do not encapsulate the essence of Third Party Liability coverage: - Property damage coverage is part of this liability, but it is not limited to that aspect alone. - Medical payments for the injured party are typically covered under separate provisions or specific medical payments coverage, not directly under Third Party Liability. - Repair costs for the insured's vehicle are generally covered under collision coverage or comprehensive coverage, not under the Third Party Liability framework. Thus, the focus on legal and court costs aligns perfectly with the protections offered by Third Party Liability coverage, reflecting the financial safeguards provided to the insured in

**7. Can a broker assign facility business to any insurer regarding risks insured by the Facility Association?**

- A. Yes, they can**
- B. No, it cannot be assigned**
- C. Only to specific insurers**
- D. It depends on the situation**

The correct answer is that a broker cannot assign facility business to any insurer regarding risks insured by the Facility Association. This is because the Facility Association operates as a market of last resort, providing coverage to individuals who may have difficulty obtaining insurance through standard means. The risks that they insure are specifically allocated and handled within their framework, and they have established procedures for managing these risks. Having the ability to assign facility business to any insurer would undermine the specialized nature of the Facility Association and the protections it offers. Therefore, there are regulatory and contractual constraints placed on brokers in relation to how this business is managed, ensuring that it remains within the control of the Facility Association. Assigning these risks to just any insurer would not align with the principles that govern the facility market, which aims to maintain stability and consistency in providing coverage to high-risk individuals.

**8. Which type of insurance would typically require you to have evidence like a policy or binder?**

- A. Health Insurance**
- B. Liability Insurance**
- C. Property Insurance**
- D. Life Insurance**

The requirement for evidence like a policy or binder is particularly relevant in the context of property insurance. Property insurance provides coverage for physical assets, such as homes, buildings, and personal property, which necessitates a formalized agreement detailing the terms of coverage, premiums, and specifics about what is insured. A policy or binder serves as proof of the insurance coverage secured, which is crucial during the underwriting process, or when making a claim. These documents outline the exact conditions and coverage limits agreed upon between the insurer and the policyholder. Without them, it can be challenging to establish proof of coverage for property losses. In contrast, while health, liability, and life insurance also have their own documentation processes, the nature of property insurance—dealing specifically with tangible items—often makes the need for concrete evidence more pronounced, especially in real estate transactions and asset management.

**9. Which scenario would likely require an individual to obtain registration as an insurance broker?**

- A. Providing advice to friends on insurance options**
- B. Doing informational research on insurance policies**
- C. Assisting a family member in filing a claim**
- D. Receiving compensation for soliciting insurance contracts**

The scenario of receiving compensation for soliciting insurance contracts is indeed the one that would likely require an individual to obtain registration as an insurance broker. In Ontario, the role of an insurance broker involves being licensed to sell and recommend insurance products to clients. This includes soliciting insurance contracts and receiving compensation for such activities, which is regulated by RIBO. The requirement for registration ensures that individuals have the necessary knowledge, training, and adherence to regulations that protect consumers in the insurance marketplace. In contrast, providing advice to friends on insurance options, doing informational research on insurance policies, and assisting a family member in filing a claim do not constitute activities that would typically necessitate formal registration. These actions are more aligned with personal or informal support rather than the professional and compensated conduct expected from registered insurance brokers. Hence, they do not fall under the regulatory requirements that insurance brokers must comply with.

**10. What does it mean for an insurance broker to be "restricted to act under supervision"?**

- A. They can operate independently**
- B. They may not control trust funds**
- C. They can act as a designated individual**
- D. They are permitted to sell all types of insurance**

The phrase "restricted to act under supervision" for an insurance broker signifies limitations on their authority and responsibilities within the insurance practice. Being in this situation means that they cannot control trust funds, which are typically handled by more experienced or fully licensed brokers. This restriction is essential to ensure that customer funds are managed securely and appropriately by individuals with broader experience and oversight. Therefore, it emphasizes the liability protection and regulatory compliance that safeguard both the clients and the integrity of the insurance brokerage. The ability to operate independently is not applicable in this context, as those under supervision generally do not have full autonomy. Regarding the role of a designated individual, such an individual typically holds a recognized position of authority, which isn't the case for someone acting under supervision. Lastly, brokers with supervision may not have the qualifications to sell all types of insurance, limiting their scope of practice according to their training and experience.

# Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://ontarioautoribo.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**

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