REGISTERED INSURANCE BROKERS OF ONTARIO (RIBO) PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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

1. **Who sets the rules and agreements concerning the binding of insurance coverage by brokers?**

   A. The broker alone

   B. The insurer and the broker

   C. The insured

   D. The provincial government

2. **In what situation would an Additional Living Expenses claim be disallowed under a Homeowners Comprehensive policy?**

   A. Home damaged by fire

   B. Infestation of carpenter ants

   C. Storm damage requiring temporary relocation

   D. Water damage from a burst pipe

3. **How does co-insurance affect an insurance payout?**

   A. It guarantees full payout regardless of value

   B. It reduces the payout amount based on the insured value

   C. It has no effect on the payout

   D. It limits payouts to only 50% of losses

4. **Which statement about the Temporary Substitute Automobile provision is NOT true?**

   A. It applies when the described automobile is out of service due to specific reasons

   B. A Temporary Substitute Automobile cannot be registered in the name of the insured or any other person in the same dwelling

   C. The OAP 1 will pay for all damage caused to a Temporary Substitute Automobile by the insured

   D. All claims paid are subject to the deductible applicable to the equivalent claim for damage to the insured's own vehicle

5. Which statement is FALSE pertaining to terminating an Automobile Policy?

A. A. The insurer is required to provide 15 days written notice by registered mail.

B. B. The insurer can terminate coverage by providing 5 days written notice which is personally hand delivered.

C. C. The insured can terminate coverage anytime subject to returned premium on a pro-rate basis.

D. D. The insurer must give the insured 30 days notice by registered mail when cancelling for the first non payment of premium during the policy term.

6. What does the Homeowners Comprehensive policy include as automatic coverage?

A. Personal liability for accidents

B. Private structures on the insured's premises

C. Coverage for all outdoor furniture

D. Basic personal property inside the home

7. Under Section 7, Physical Damage to Own Automobile Coverage, the insurer agrees to indemnify:

A. Any occupant of the vehicle.

B. Anyone driving with consent.

C. The name insured.

D. Any of the above.

8. 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

9. An insured owns a building valued at $200,000 and insures it for $140,000. The building is damaged by fire to an extent of $50,000. How much of the loss will the insurer pay?

A. $50,000

B. $35,000

C. $140,000

D. $200,000

10. In terms of insurance, what does the term "peril" refer to?

A. A risk of loss

B. A type of coverage

C. An insured person

D. A claims process

Answers

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

Explanations

1. Who sets the rules and agreements concerning the binding of insurance coverage by brokers?

A. The broker alone

B. The insurer and the broker

C. The insured

D. The provincial government

The correct answer is indeed that the insurer and the broker set the rules and agreements concerning the binding of insurance coverage. This is because the relationship between brokers and insurers is collaborative when it comes to establishing terms and conditions for insurance policies. Brokers act as intermediaries, representing clients and negotiating on their behalf, but they must also comply with the guidelines and requirements set forth by the insurers they work with. Together, the insurer and the broker determine the specifics of coverage availability, limits, exclusions, and the processes required for binding coverage, ensuring that both parties have a mutual understanding of the agreements made. This collaboration is crucial since it helps safeguard the interests of all involved, ensuring that policies are issued correctly and appropriately represent the coverage being sought by the insured.

2. In what situation would an Additional Living Expenses claim be disallowed under a Homeowners Comprehensive policy?

A. Home damaged by fire

B. Infestation of carpenter ants

C. Storm damage requiring temporary relocation

D. Water damage from a burst pipe

An Additional Living Expenses (ALE) claim is typically tied to situations where an insured home becomes uninhabitable due to a covered peril under the homeowners policy. In the case of an infestation of carpenter ants, this situation generally falls under the category of maintenance issues or pest control rather than an insurable risk. Homeowners insurance typically does not cover damages that arise from lack of maintenance or wear and tear, and infestations are often viewed as issues that the homeowner could have prevented or addressed through regular upkeep. In contrast, damage from fire, storm-related issues, or water damage from a burst pipe would be considered covered perils under a Comprehensive homeowners policy. These scenarios involve sudden and unforeseen damages, which are typically the types of incidents that justify additional living expenses while repairs are made to the home. This distinction underlines why the infestation of carpenter ants would lead to the disallowance of an ALE claim, as it is not a qualifying cause that necessitates temporary relocation from the home.

3. How does co-insurance affect an insurance payout?

A. It guarantees full payout regardless of value

B. It reduces the payout amount based on the insured value

C. It has no effect on the payout

D. It limits payouts to only 50% of losses

The correct answer highlights that co-insurance affects the payout amount based on the insured value and the actual value of the property at risk. Co-insurance is a provision commonly found in property insurance policies. It requires the policyholder to insure their property for a certain percentage of its total value; typically, this is set at 80%, 90%, or 100%. If the policyholder fails to insure the property for at least the required co-insurance percentage, they may face a reduced payout in the event of a claim. The calculation considers the ratio of the amount insured to the value of the property. For example, if a property is worth $100,000 and is only insured for $70,000 instead of the required $80,000 under an 80% co-insurance clause, the payout for a loss would be calculated accordingly, resulting in a reduced payout that reflects this underinsurance. In contrast, other choices do not accurately reflect how co-insurance operates. Some suggest that it guarantees a full payout, which contradicts the nature of co-insurance. Others imply that co-insurance has no effect on payouts or that it limits payouts to a fixed percentage, which is not how this concept functions. Thus, understanding the implications

4. Which statement about the Temporary Substitute Automobile provision is NOT true?

A. It applies when the described automobile is out of service due to specific reasons

B. A Temporary Substitute Automobile cannot be registered in the name of the insured or any other person in the same dwelling

C. The OAP 1 will pay for all damage caused to a Temporary Substitute Automobile by the insured

D. All claims paid are subject to the deductible applicable to the equivalent claim for damage to the insured's own vehicle

The statement that is NOT true is C, "The OAP 1 will pay for all damage caused to a Temporary Substitute Automobile by the insured". Option A is incorrect because it is true that the Temporary Substitute Automobile provision applies when the insured's vehicle is out of service for specific reasons, such as being in for repairs. Option B is incorrect because it is true that a Temporary Substitute Automobile cannot be registered in the insured's name or any other person in the same dwelling, as this would imply that the vehicle is a permanent substitute rather than temporary. Option D is incorrect because it is true that all claims paid are subject to the deductible applicable to the equivalent claim for damage to the insured's own vehicle. This is a standard provision in insurance policies. Explanation The correct statement about the Temporary Substitute Automobile provision is that the OAP 1 will not pay for all damage caused to a Temporary Substitute

5. Which statement is FALSE pertaining to terminating an Automobile Policy?

A. A. The insurer is required to provide 15 days written notice by registered mail.

B. B. The insurer can terminate coverage by providing 5 days written notice which is personally hand delivered.

C. C. The insured can terminate coverage anytime subject to returned premium on a pro-rate basis.

D. D. The insurer must give the insured 30 days notice by registered mail when cancelling for the first non payment of premium during the policy term.

The statement that claims the insurer is required to provide 15 days written notice by registered mail when terminating an automobile policy is not accurate in the context of Ontario's insurance regulations. In Ontario, when an insurer decides to terminate an automobile insurance policy for reasons such as non-payment of premium, the required notice period and method of notification are specified in the Insurance Act. For instance, the insurer must provide 5 days of notice when delivering a cancellation notice personally, and for certain other circumstances, including the first non-payment of premium, a longer notice period of 30 days is mandated. The other statements align correctly with the regulations surrounding automobile policy terminations. An insurer can indeed terminate coverage with shorter notice periods when the proper conditions are met. Moreover, the insured retains the right to cancel their policy at any time, with a refund of premiums calculated on a pro-rata basis. These stipulations ensure that both parties have clear guidelines regarding policy termination, protecting the interests of the insured while allowing the insurer to manage their risk effectively.

6. What does the Homeowners Comprehensive policy include as automatic coverage?

A. Personal liability for accidents

B. Private structures on the insured's premises

C. Coverage for all outdoor furniture

D. Basic personal property inside the home

The Homeowners Comprehensive policy typically provides automatic coverage for private structures on the insured's premises. This means that structures such as sheds, detached garages, or fences that are not attached to the home are usually covered under this type of policy without the need for additional endorsements or riders. This automatic inclusion helps ensure that homeowners have protection for common additional structures that may be present on their property. While personal liability for accidents, coverage for outdoor furniture, and basic personal property inside the home are also important aspects of home insurance, they typically do not enjoy the same automatic coverage status as private structures. Personal liability might require specific conditions to be met, outdoor furniture may not be covered unless specified in the policy, and basic personal property is usually included but might have limits based on the policy terms. Thus, the comprehensive nature of the policy emphasizes the inclusion of private structures, making that the correct answer.

7. Under Section 7, Physical Damage to Own Automobile Coverage, the insurer agrees to indemnify:

A. Any occupant of the vehicle.

B. Anyone driving with consent.

C. The name insured.

D. Any of the above.

Section 7, Physical Damage to Own Automobile Coverage, specifically states that the insurer agrees to indemnify the name insured, meaning the person or entity listed as the main driver on the insurance policy. Option A is incorrect because it only applies to occupants of the vehicle, not the driver. Option B is incorrect because it also only applies to those driving with consent, not the main driver listed on the policy. Option D is incorrect because it encompasses both options A and B, but not the specific name insured outlined in Section 7.

8. 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

9. An insured owns a building valued at $200,000 and insures it for $140,000. The building is damaged by fire to an extent of $50,000. How much of the loss will the insurer pay?

A. $50,000

B. $35,000

C. $140,000

D. $200,000

To determine how much the insurer will pay for the fire damage, it's necessary to apply the principle of underinsurance, which considers the proportion of the insured amount to the actual value of the property. In this scenario, the building is valued at $200,000, but it was insured for only $140,000. The loss incurred from the fire is $50,000. However, because the insurance coverage is less than the full value of the building (which represents 70% of the total value), the insurer calculates the payment based on the ratio of the actual coverage to the total value. The calculation involves first determining the proportion of the value covered: $140,000 (insurance limit) ÷ $200,000 (actual value) = 0.7 or 70%. This means the insurance covers only 70% of losses. Thus, in the event of a claim, the insurer will only pay 70% of the $50,000 loss from the fire damage. So, applying this percentage to the loss: $50,000 (the loss) × 0.7 = $35,000. Therefore, the insurer would only pay $35,000 due to the underinsurance, reflecting the fact

10. In terms of insurance, what does the term "peril" refer to?

A. A risk of loss

B. A type of coverage

C. An insured person

D. A claims process

The term "peril" in insurance specifically refers to the cause of loss or damage that might affect an insured entity or property. This definition aligns with the understanding that a peril signifies a risk or a hazard that can lead to a financial loss, such as fire, theft, or natural disasters like floods. Recognizing perils is critical for both insurers and insured individuals, as it helps determine what risks are covered under a policy and how claims will be processed if those risks materialize. While there are other terms in the insurance vocabulary, such as coverage, insured persons, and claims processes, these do not directly correspond to the definition of "peril." Coverage pertains to the protection provided against specific risks, an insured person is an individual who is covered by the insurance policy, and a claims process refers to the procedure for processing claims related to losses. These concepts are interconnected, but they distinctly differ in meaning from what "peril" represents in the context of insurance.

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.

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

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