

STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION

IN RE: LOUIS CHAMES )  
TRUPANION MANAGERS USA INC. ) DOCKET NO. 19-049-I  
AMERICAN PET INSURANCE COMPANY )

**STIPULATION AND CONSENT ORDER**

The Vermont Department of Financial Regulation (the Department), Louis Chames, Trupanion Managers USA, Inc., and American Pet Insurance Company (collectively, "Respondents") hereby agree and stipulate as follows:

**Introduction and Parties**

1. The Department, through its Commissioner, pursuant to 8 V.S.A. §§ 11, 12, 15, and 3661, is charged with enforcing the insurance laws of Vermont and authorized to investigate insurance companies to determine compliance with Vermont law.
2. Trupanion Managers USA Inc. is a foreign insurance agency based in Seattle, Washington and licensed in Vermont. Trupanion holds licenses NPN # 9588590 and Vermont license # 825440.
3. American Pet Insurance Company is a foreign insurance company

domiciled in New York state and licensed in Vermont (NAIC # 12190). American Pet Insurance company is affiliated with Trupanion.

4. Louis Chames is a foreign insurance producer licensed in Vermont holding licenses NPN # 8835274 and Vermont license # 573756 . Mr. Chames is a principal of both Trupanion and American Pet.

### **Findings of Fact**

5. In January 2019, the Department learned that Respondents had been disciplined by multiple other jurisdictions for, among other things, using unlicensed producers to sell pet insurance policies and paying bonuses to unlicensed producers.

6. In light of the regulatory actions taken in other states, the Department requested that Respondents conduct a self-audit of all pet insurance policies sold in Vermont from 2015 through 2018.

7. Respondents' self-audit revealed that from 2015 through 2017, 40 unlicensed producers sold 50 pet insurance policies for Respondents in Vermont.

8. Starting in 2016, Respondents increased their efforts to comply with Vermont's producer licensing requirements, such that by 2018, all new Vermont pet insurance policies issued by Respondents were being issued by licensed producers.

9. The self-audit further revealed that from 2015 through 2018, 3,075 Vermont pet insurance claims had been processed by 145 unlicensed insurance adjusters.

10. In 2019, Respondents began the process of ensuring that all Vermont pet insurance claims are processed only by duly licensed insurance adjusters. Respondents have cooperated fully with the Department's investigation, providing requested data in a timely and complete manner, licensing producers who issue policies in Vermont and undertaking efforts to start licensing their Vermont insurance adjusters.

#### **Conclusions of Law**

11. Pursuant to 8 V.S.A. §§ 11, 12, 15 and 3661, the Commissioner is charged with enforcing the insurance laws of the State of Vermont.

12. It is a violation of 8 V.S.A. § 4793 for a person or a corporation to act or hold itself or himself out as an insurance producer without being duly licensed in Vermont.

13. It is a violation of 8 V.S.A. § 4793 for a person or a corporation to act or hold himself or itself out as an insurance adjuster without being duly licensed in Vermont.

14. It is a violation of 8 V.S.A. § 4796 to pay commissions or other consideration to insurance producers who are not duly licensed.

15. It is a violation of 8 V.S.A. 4796 to pay commissions or other consideration to insurance adjusters who are not duly licensed.

16. By employing and paying 40 unlicensed producers, Respondents violated 8 V.S.A. §§ 4793 and 4796.

17. By employing and paying 145 unlicensed insurance adjusters, Respondents violated 8 V.S.A. §§ 4793 and 4796.

18. Pursuant to 8 V.S.A. § 3661, when he believes an insurer, officer or agent had violated Vermont insurance law, the Commissioner may impose civil or administrative penalties of not more than \$1,000 for each violation or \$10,000 per willful violation.

### **Consent Order**

19. If Respondents fail or neglect to comply with any of the terms and conditions set forth in this Stipulation and Consent Order, the Department may, on written notice to Respondent, institute any legal or administrative proceedings it deems appropriate to enforce the Order and to seek such other appropriate sanctions, and Respondents shall consent to the entry of judgment for any unpaid balance.

20. As a result of the violations described in Paragraphs 12, 14 and 16, Respondents shall pay an administrative penalty of \$32,000 to the Department within thirty (30) days of the entry of this Stipulation and Consent Order.

21. Respondents agree to take the following corrective action to address the violations outlined in this Order:

A. For as long as Respondents continue to do business in Vermont, all pet insurance policies issued in Vermont shall be issued only by producers who are duly licensed in Vermont.

B. On or before December 31, 2019, Respondents shall ensure that all Vermont pet insurance claims are processed only by duly licensed insurance adjusters and shall so certify to the Department.

C. Respondents shall remain in compliance with the licensing and related requirements of 8 V.S.A. §§ 4793 and 4803 for as long as they continue to do business in Vermont.

D. On or before January 31, 2020, Respondents shall provide the Department with a list of all its adjusters who have been duly licensed in Vermont.

22. Nothing in this Stipulation and Consent Order shall be construed as limiting the Commissioner's authority to investigate Respondents for matters not resolved by this Stipulation and Consent Order or for unrelated matters.

23. Nothing herein shall be construed as limiting any private action a person may have.

24. Respondents acknowledge that this Stipulation and Consent Order constitutes a valid order duly rendered by the Commissioner and agree to be fully bound by it.

25. Respondents acknowledge that this Order constitutes a finding by the Commissioner that Respondent has violated Vermont law as set forth above and agrees not to contest such findings.

26. Respondents acknowledge that noncompliance with any term of this Order shall constitute a violation of a lawful order of the Commissioner.

27. Respondents consent to the entry of this Order and acknowledge their consent is given freely and voluntarily and that no promise has been made to induce them to consent except as otherwise stated herein.

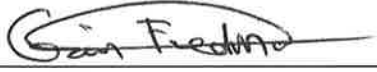
28. Respondents acknowledge that they have been represented by counsel in this matter and voluntarily waive their right to a hearing and to judicial review of this matter, including their right to a hearing before the Commissioner or his designee and all other procedures otherwise available under Vermont law, the rules of the Department, and the provisions of Title 3, Chapter 25.

29. Respondents further acknowledge the Commissioner retains jurisdiction over this matter for purposes of enforcing the Order.

30. This Order shall be governed by and construed under the laws of the State of Vermont.

31. Respondents acknowledge their understanding of all terms, conditions, and obligations contained in the Consent Order and further acknowledge that should they fail to comply with any provision of the Consent Order, the Commissioner may impose additional sanctions and seek appropriate relief, subject to Respondent's right to a hearing pursuant to Vermont insurance laws.

11/5/19  
Date

  
American Pet Insurance Co.  
By its General Counsel

11/5/19  
Date

  
Trupanion Managers USA Inc.  
By its General Counsel

11/5/2019  
Date

  
Louis Chames

Entered at Montpelier, Vermont this 20<sup>th</sup> November MSP day of ~~October~~ 2019.



Michael S. Pieciak, Commissioner  
Vermont Department of Financial Regulation