



STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

In the Matter of:)
)
YOURPEOPLE, INC., d/b/a)
ZENEFITS FTW INSURANCE SERVICES) DOCKET NO. 17-001-I
)

STIPULATION AND CONSENT ORDER

The Insurance Division of the Vermont Department of Financial Regulation (“Department”) and Zenefits FTW Insurance Services (“Respondent”) stipulate and agree as follows:

1. Pursuant to the authority contained in 8 V.S.A. §§ 11-13, 15, 4723 and 4726 the Commissioner of the Department (“Commissioner”) is charged with enforcing the insurance laws of the State of Vermont.
2. Respondent is domiciled in the State of California and is licensed as a non-resident producer firm in Vermont, license number 973643.
3. On or around November 24, 2015 Respondent notified the Commissioner that it had identified and would be self-reporting producer licensing compliance issues and that it was initiating an internal audit.
4. On or around December, 2015 Respondent hired a national accounting firm to conduct a compliance review of its licensing procedures, which review covered the period from January 1, 2014 to November 30, 2015. This accounting firm presented a report to the Commissioner on or around March 1, 2016 that described systemic flaws in Respondent’s oversight and licensing procedures and revealed that some employees were selling, soliciting and/or negotiating insurance business in several states, including Vermont, without first obtaining proper nonresident licensing in violation of 8 V.S.A. § 4793(a)(b).

5. Respondent's payments of commissions, service fees, brokerage, or other valuable consideration to individuals lacking proper licensure to engage in the sale, solicitation or negotiation of insurance in this state is a violation of 8 V.S.A. § 4796(a).
6. Respondent's failure to instruct or supervise its representatives to ensure individuals engaged in the sale, solicitation and/or negotiation of insurance held the requisite licensure to engage in such business constitutes an unfair or deceptive act or practice in the business of insurance in violation of 8 V.S.A. § 4724(17).
7. Respondent asserts the self-reported violations were a direct result of the Respondent's rapid growth as a company and its failure to put in place compliance measures to ensure that all employees maintained proper licensure.
8. Respondent represents that it has taken steps to remediate its past violations and has implemented new controls to prevent the recurrence of violations, as follows:
 - a. Respondent has implemented new administrative and technical licensing controls to ensure that employees who transact insurance business with customers have appropriate resident and non-resident licenses;
 - b. Respondent has mandated that its producers complete fifty-two (52) hours of continuing education courses offered by the National Association of Health Underwriters, including twelve (12) hours of ethics training;
 - c. Respondent has made a series of changes to its top leadership by replacing its CEO and its head of sales, reconstituting its Board of Directors, creating the position of Chief Compliance Officer, and establishing a compliance team with twelve (12) dedicated compliance personnel positions; and,
 - d. Respondent has agreed that the national accounting firm retained to conduct a compliance review of its licensing procedures will test the operations of

Respondent's new licensing controls in the third quarter of 2016 and report those results to the Department, which has been completed and the results reported to the Department.

9. Respondent has been made aware that the Department may elect to proceed with an administrative action for noncompliance with 8 V.S.A. § 4796(a) and 8 V.S.A. § 4724(17).
10. Respondent wishes to resolve this matter without a hearing by entering into this Stipulation and Consent Order with the Department on the terms and conditions set forth herein.
11. Respondent waives its right to a hearing before the Commissioner or the Commissioner's designee, and all other procedures otherwise applicable under Vermont law, the rules of the Department or any right it may have to judicial review by any court by way of suit, appeal, or extraordinary remedy with respect to the terms of the Stipulation and Consent Order set forth herein.
12. Respondent acknowledges that it understands all of the terms, conditions, undertakings and obligations contained in this Stipulation and Consent Order.
13. Respondent acknowledges that this Stipulation and Consent Order constitutes a valid order duly rendered by the Commissioner and agrees to be fully bound by it. Respondent acknowledges that noncompliance with any of the terms of this Stipulation and Consent Order shall constitute a violation of a lawful order of the Commissioner and shall be a separate violation of laws of the State of Vermont and shall subject Respondent to administrative action or sanctions as the Commissioner deems appropriate. Respondent further acknowledges that the Commissioner retains jurisdiction over this matter for the purpose of enforcing this Stipulation and Consent Order.
14. The Department retains any rights it has to respond to and address any consumer complaint that may be made with respect to Respondent and any transactions in insurance, as defined

at 8 V.S.A. § 3301, including the right to pursue any remedy authorized by law in response to a consumer complaint.

15. Nothing herein shall be construed as a waiver of any private right of action any person may have.

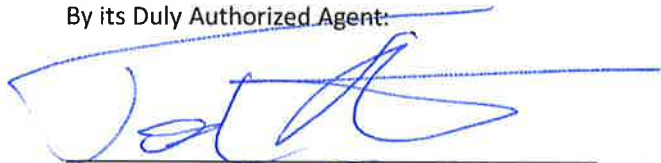
THE DEPARTMENT AND RESPONDENT FURTHER STIPULATE AND AGREE:

16. Respondent shall pay an administrative penalty of Twelve Thousand (\$12,000) Dollars within ten (10) days of the execution of this Stipulation and Consent Order.
17. Respondent waives its statutory right to notice and a hearing before the Commissioner or his designated appointee with respect to the subject matter of this Stipulation and Consent Order.
18. Respondent acknowledges and agrees that this Stipulation and Consent Order is entered into freely and voluntarily, and that except as set forth herein no promise was made to induce Respondent to enter into it. Respondent acknowledges that it has consulted with its attorneys in this matter and that it has reviewed this Stipulation and Consent Order and understand all of the terms and obligations contained herein.
19. Respondent consents to the entry of this Stipulation and Consent Order and agrees to be fully bound by its terms and conditions. Respondent acknowledges that noncompliance with any of the terms of this Stipulation and Consent Order may constitute a separate violation of the insurance laws of the State of Vermont and may subject Respondent to sanctions.
20. The terms set forth in this Stipulation and Consent order represent the complete agreement between the parties as to its subject matter.

21. The undersigned representative of the Respondent affirms that he or she has taken all necessary steps to obtain the authority and bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.

YOURPEOPLE, INC., d/b/a
ZENEFITS FTW INSURANCE SERVICES

By its Duly Authorized Agent:


[insert name/title] Joshua Stein, GC

STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO SS)

On this 8th day of FEBRUARY, 2017 JOSHUA STEIN personally appeared before me and pursuant to a sworn oath subscribed to this Stipulation and Consent Order represented that he/she has fully authority to execute, deliver and legally bind Respondent to this Stipulation and Consent Order.

Before me:


Notary Public

My Commission Expires:

12/23/2017



ACCEPTED BY:



Phil Keller, Acting Deputy Commissioner, Insurance
Division, Vermont Dept. of Financial Regulation

CONSENT ORDER

1. The stipulated facts, terms and provisions of this Stipulation are incorporated herein by reference.
2. Jurisdiction in this matter is established pursuant to Chapters 101 and 107 of Title 8 of the Vermont Statutes Annotated.
3. Pursuant to this Stipulation, Respondent consents to the entry of this Consent Order.

4. Respondent shall comply with all agreements, stipulations and undertakings as recited above.
5. Nothing contained in this Order shall restrain or limit the Department in responding to and addressing any consumer complaint about Respondent filed with the Department or shall preclude the Department from enforcing against any other violation of law.

Entered at Montpelier, Vermont this 9th day of February, 2017.



Michael Pieciak, Commissioner
Vermont Dept. of Financial Regulation