

SEP 6 2016

STATE OF ARIZONA
DEPARTMENT OF INSURANCE
DEPT OF INSURANCE
BY MS

In the Matter of:

**YOURPEOPLE INC DBA ZENEFITS FTW
INSURANCE SERVICES,**
(Arizona License No. 1066916)
(National Producer No. 17076225)

No. 16A-116-INS

CONSENT ORDER

Respondent.

The State of Arizona Department of Insurance ("Department") received evidence that **YourPeople, Inc. dba Zenefits FTW Insurance Services** violated provisions of Title 20, Arizona Revised Statutes ("A.R.S."). Respondent wishes to resolve this matter without formal proceedings. Respondent admits the following Findings of Fact are true, and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. YourPeople, Inc. dba Zenefits FTW Insurance Services ("Zenefits FTW" or "Respondent") is a Delaware corporation that holds, and at all times material held, a non-resident accident/health, life, casualty and property Arizona insurance producer license, number 1066916, which expires on January 31, 2018. Zenefits FTW first became licensed with the Department on January 8, 2014 (accident/health and life) and July 16, 2014 (property and casualty).

2. Zenefits FTW's addresses of record with the Department are: 303 2nd Street, #401, North Tower, San Francisco, CA 94107 (business and mailing).

3. On or about, March 1, 2016, Zenefits FTW self-reported to the Department that it had allowed unlicensed employees to sell, solicit or negotiate insurance in Arizona. It reported a total of 111 events comprised of the following:

- a. 68 events where the insurance producer had a proper resident license but a late or missing non-resident license;

- 1 b. 27 events where the insurance producer had a late resident license and a
2 late or missing non-resident license; and
3 c. 16 events where the insurance producer was never licensed.

4 4. On or about July 18, 2016, the Commissioner of Commerce and Insurance for
5 the State of Tennessee entered into a Consent Order with Zenefits FTW, TID No. 16-22
6 (“TDOI Consent Order”). The TDOI Consent Order found that Zenefits FTW accepted
7 insurance business an estimated sixty-five separate occasions in violation of Tenn. Code Ann.
8 § 56-6-112(a)(113). The TDOI Consent Order required Zenefits FTW to pay a civil penalty of
9 \$62,500.

10 5. Zenefits FTW timely reported the TDOI administrative action to the Department.

11 6. On or about August 2, 2016, the State of South Carolina Department of
12 Insurance (“SCDOI”) entered into a Consent Order with Zenefits FTW, File Number 16-5129
13 (“SCDOI Consent Order”). The SCDOI Consent Order found that Zenefits FTW violated
14 Section 38-43-20 when they allowed unlicensed employees to sell insurance in the State of
15 South Carolina. The SCDOI Consent Order required Zenefits FTW to pay a civil penalty of
16 \$29,500.

17 7. Zenefits FTW timely reported the SCDOI administrative action to the
18 Department.

19 8. Zenefits FTW has taken steps to remediate its past violations and has
20 implemented new controls, including creating the position of Chief Compliance Officer, to
21 prevent recurrence of the violations.

CONCLUSIONS OF LAW

22 1. The Interim Director (“Director”) has jurisdiction over this matter.

23 2. Respondent’s conduct, as alleged above, constitutes “using fraudulent, coercive
or dishonest practices, or demonstrating incompetence, untrustworthiness or financial
irresponsibility in the conduct of business in this state or elsewhere” within the meaning of
A.R.S. §§ 20-295(A)(8) and (B).

 3. Grounds exist for the Director to impose a civil penalty of not more than two
hundred fifty dollars for each unintentional failure or violation, up to an aggregate civil penalty

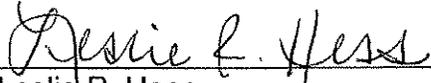
1 of two thousand five hundred dollars or impose a civil penalty of not more than two thousand
2 five hundred dollars for each intentional failure or violation, up to an aggregate civil penalty of
3 fifteen thousand dollars, within the meaning of A.R.S. § 20-295(F).

4 **ORDER**

5 IT IS THEREFORE ORDERED:

6 1. Respondent shall immediately pay a civil penalty, for deposit in the State
7 General Fund, of \$15,000.00.

8 DATED AND EFFECTIVE this 6th day of September, 2016.

9 
10 Leslie R. Hess
Interim Director of Insurance

11 **CONSENT TO ORDER**

12 1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law,
13 and Order.

14 2. Respondent admits to the jurisdiction of the Interim Director of Insurance, State
15 of Arizona, and admits the foregoing Findings of Fact and consents to the entry of the
16 foregoing Conclusions of Law and Order.

17 3. Respondent is aware of its right to notice and a hearing at which it may be
18 represented by counsel, present evidence, and examine witnesses. Respondent irrevocably
19 waives its right to such notice and hearing and to any court appeals relating to this Consent
20 Order.

21 4. Respondent states that no promise of any kind or nature whatsoever, except as
22 expressly contained in this Consent Order, was made to it to induce it to enter into this
23 Consent Order and that it has entered into this Consent Order voluntarily.

24 5. Respondent acknowledges that the acceptance of this Consent Order by the
Interim Director is solely to settle this matter against it and does not preclude any other

agency, officer, or subdivision of this state including the Department from instituting civil or criminal proceedings as may be appropriate now or in the future not related to this matter.

6. Respondent acknowledges that this Consent Order is an administrative action that the Department will report to the National Association of Insurance Commissioners ("NAIC"). Respondent further acknowledges that it must report this administrative action to any and all states in which it holds an insurance producer's license and must disclose this administrative action on any application.

7. Joshua Stein represents that he is the Chief Compliance Officer/VP Legal of YourPeople, Inc. and, as such, is authorized to enter this Consent Order on its behalf.

YourPeople, Inc. dba Zenefits FTW Insurance
Services (Arizona License No. 1066916)

DocuSigned by:
Joshua Stein
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Date: Sept. 1, 2016

By: Joshua Stein

COPY of the foregoing mailed this
6th day of Sept, 2016, to:

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