

**STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE**

In re:

**YourPeople, Inc., d/b/a
Zenefits FTW Insurance Services**

**National Producer No. 17076225
Maine License No. AGN234620
Docket No. INS-17-201**

CONSENT AGREEMENT AND ORDER

YourPeople, Inc., d/b/a Zenefits FTW Insurance Services ("Zenefits"), a licensed Maine non-resident producer agency, the Maine Superintendent of Insurance ("Superintendent"), and the Office of the Maine Attorney General ("Attorney General") hereby enter into this Consent Agreement and Order ("Consent Agreement") pursuant to 10 M.R.S. § 8003(5)(B) to resolve, without an adjudicatory proceeding, violations of the Insurance Code for which the Superintendent may impose discipline pursuant to 24-A M.R.S. §§ 1417 and 1420-K.

STATUTORY AUTHORITY

1. Under 24-A M.R.S. §§ 12-A and 1420-K, the Superintendent may issue a warning, censure, or reprimand to a licensee, may suspend, revoke or refuse to renew the license of a licensee, may impose conditions of probation on the licensee, may levy a civil penalty, or may take any combination of such actions, for violating any insurance laws, or violating any rule, regulation, subpoena, or order of the Superintendent. Pursuant to 10 M.R.S. § 8003(5)(B), the Superintendent may resolve a complaint by entering into a consent agreement with a licensee and with the agreement of the Attorney General.

FACTS

2. The Superintendent of Insurance is the official charged with administering and enforcing Maine's insurance laws and regulations, and the Bureau of Insurance is the administrative agency with such jurisdiction. The Superintendent has jurisdiction over this matter pursuant to 24-A M.R.S. §§ 12-A and 211.
3. Zenefits is a producer agency with its principal place of business in California, and has been licensed in Maine as non-resident producer agency since July 1, 2014. Its Maine nonresident producer agency license number is AGN234620. Its National Producer Number ("NPN") is 17076225. Jeff Hazard, a non-resident producer with life and health authority, is the responsible individual for Zenefits. His Maine insurance producer license is PRN249557 and his NPN is 17549200.
4. Zenefits is a privately held company which offers a cloud-based software service platform for small business customers that integrates the administration of human resources, payroll,

and employee benefits. Through this service, Zenefits provides the sale of and access to insurance products.

5. In providing these insurance products, Zenefits employs licensed insurance producers to sell and administer insurance plans for customers choosing to utilize Zenefits as their insurance broker.
6. Zenefits intended to have all employees responsible for the sale, solicitation, negotiation, and administration of insurance policies, plans, or products for customers be licensed in each state in which the employee was working.
7. Zenefits failed to ensure all such employees were so licensed. Under prior management, Zenefits operated in a manner which Zenefits knew or should have known would result in unlicensed individuals selling, soliciting and negotiating plans of insurance in the State of Maine prior to or without obtaining insurance producer licensure in Maine.
8. On or about March 1, 2016, Zenefits reported to the Superintendent a total of thirteen (13) separate instances from January 1, 2014, to November 30, 2015, in which Zenefits permitted individuals under their employment to engage in transactions that involved the sale, solicitation, and negotiation of insurance in the State of Maine who did not properly hold a Maine insurance producer license at the time of such transactions.
9. The thirteen (13) self-reported violations include both identifiable transactions and a number of presumed violations based on a statistical sampling.
10. Zenefits states that the self-reported violations were a direct result of Zenefits' rapid growth as a company and its failure to put in place compliance measures to ensure that all employees maintained the proper license.
11. Zenefits has taken steps to remediate its past violations and has implemented new controls to prevent the recurrence of violations. Zenefits retained the independent accounting firm PricewaterhouseCoopers and had the firm test the design of its new controls. The firm determined that these controls are adequately designed to address the risk of sales activity being performed by agents without appropriate producer licensure.

CONCLUSIONS OF LAW

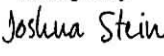
12. Title 24-A M.R.S. § 1420-B states that "[a] person may not sell, solicit or negotiate insurance in this State for any class or classes of insurance unless the person is licensed for that line of authority in accordance with this subchapter."
13. Title 24-A M.R.S. § 1420-K(1)(L) provides that "[t]he superintendent may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with section 12-A or take any combination of such actions, for...[k]nowingly accepting insurance business from an individual who is not licensed."
14. Zenefits violated both 24-A M.R.S. § 1420-B and 1420-K(1)(L) when it allowed its employees to engage producer activities within the State of Maine without holding a Maine insurance producer license.

COVENANTS

15. Zenefits admits to the Facts as stated above and admits that these Facts constitute a basis for imposing discipline upon it.
16. Zenefits agrees to the imposition of a civil penalty in the amount of Thirty Thousand Dollars (\$30,000). Twenty Thousand Dollars (\$20,000) of this penalty will be imposed forthwith. The balance of Ten Thousand Dollars (\$10,000) will be suspended for a period of three (3) years following the effective date of this Consent Agreement. This suspended balance will be imposed if Zenefits violates any provision of this Consent Agreement or if Zenefits violates Maine's insurance licensing laws during this three (3) year period. The imposition of the suspended balance for a violation of Maine's insurance licensing laws will not, in any way, limit the Bureau's ability to pursue any available remedies for the new violations of Maine's licensing laws that triggered the imposition of the penalty in this Consent ..
17. Zenefits will remit Twenty Thousand Dollars (\$20,000) to the Maine Bureau of Insurance at the time of returning this signed agreement. Payments shall be by check or money order made out to "Treasurer, State of Maine" and addressed to: Enforcement Attorney, Maine Bureau of Insurance, 34 State House Station, Augusta, Maine 04333-0034.
18. Zenefits will promptly report any matters to the Bureau of Insurance during all times that it is licensed by the Bureau, to the extent such reporting is required under the Maine Insurance Code, and will comply in all other respects with the provisions of the Maine Insurance Code, as applicable.
19. Nothing in this Agreement shall affect the rights or interests of any person who is not a party to this Agreement.
20. In consideration of Zenefits' execution of and compliance with the terms of this Consent Agreement, the Superintendent and Attorney General agree to forgo pursuing against Zenefits any further disciplinary measures or other civil or administrative sanctions arising under the Maine Insurance Code concerning the specific conduct described in this Consent Agreement, other than those agreed to herein.
21. Notwithstanding the above, should Zenefits violate any provision of this Consent Agreement, it may be subject to any available remedy for the violation.
22. The Bureau of Insurance is accepting Zenefits' self-reported number of violations for purposes of this Consent Agreement only. The Bureau is not, by entering into this Consent Agreement, approving the reasoning and statistical analysis by which Zenefits arrived at these self-reported numbers. The Bureau will continue to individually determine whether any future actions by Zenefits constitute a violation of Maine law. Should the Bureau discover any additional violations, the Bureau reserves the right to bring appropriate disciplinary action against Zenefits separate and distinct from this Consent Agreement.
23. This Consent Agreement constitutes an Order of the Superintendent and is enforceable by the Superintendent and by an action in Maine Superior Court.
24. This Consent Agreement is not subject to appeal. Zenefits waives any further hearings or appeals regarding the matters that are the subject of this Consent Agreement.

25. This Consent Agreement may be modified only by a written agreement executed by all of the parties hereto.
26. This Consent Agreement is a public record subject to the provisions of the Maine Freedom of Access Law, 1 M.R.S. §§ 401 through 410, will be available for public inspection and copying as provided for by 1 M.R.S. § 408-A, and will be reported to the Regulatory Information Retrieval System database at the National Association of Insurance Commissioners.
27. Zenefits agrees that it has read this Consent Agreement, that it understands this Consent Agreement, that it has reviewed the statutory provisions set forth herein, that it understands its right to consult with counsel before signing this Consent Agreement, that it has consulted with counsel, and that it enters into this Consent Agreement voluntarily and without coercion of any kind from any person.

YOURPEOPLE, INC. dba ZENEFITS FTW INSURANCE SERVICES

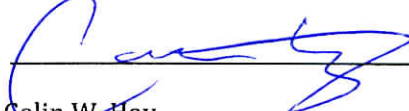
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Dated: April 3, 2017

By: _____
 Its Authorized Representative
Joshua Stein, General Counsel & Corporate Secretary
 Print Name and Title

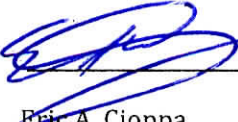
THE MAINE OFFICE OF THE ATTORNEY GENERAL

Dated: April 5, 2017

By: 
 Colin W. Hay
 Assistant Attorney General

THE MAINE SUPERINTENDENT OF INSURANCE

Dated: April 5, 2017

By: 
 Eric A. Cioppa
 Superintendent of Insurance