

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE: : VIOLATIONS:  
: :  
YourPeople Inc. : 40 P.S. §§310.3(a)  
dba Zenefits FTW Insurance Services :  
303 2<sup>nd</sup> Street, North Tower :  
San Francisco, CA 94107 :  
: :  
Respondent. : Docket No. MC16-11-016

CONSENT ORDER

AND NOW, this 23<sup>rd</sup> day of December, 2016, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa. C.S. §101, et seq., or other applicable law.
2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

## FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following

Findings of Fact:

- (a) Respondent is YourPeople Inc., dba Zenefits FTW Insurance Services, and maintains its address at 303 2<sup>nd</sup> Street, Suite 450 North Tower, San Francisco, CA 94107.
  
- (b) Respondent is a licensed Pennsylvania non-resident insurance producer and obtained its license on January 14, 2014, with lines of authority of Accident and Health, Casualty and Allied Lines, Life and Fixed Annuities and Property and Allied Lines.
  
- (c) Respondent offers a cloud-based software-as-a-service platform for small business customers that integrates the administration of human resources, payroll and employee benefits including access to insurance products.
  
- (d) Respondent self-reported that 43 producers it employed during the review period (January 1, 2014 through November 30, 2015) transacted business in Pennsylvania prior to being licensed. In total, Respondent's employees were

involved with 142 insurance transactions in Pennsylvania prior to being licensed in Pennsylvania.

- (e) Since December 2015, Respondent has been engaged in identifying and correcting deficiencies in its process of ensuring compliance with licensing requirements of Pennsylvania and other states and as part of this ongoing effort, Respondent retained the services of an independent national consulting firm to test the operation of new licensing controls for the third quarter of 2016. On October 13, 2016, Respondent submitted a report (“Licensing Control Assessment & Transaction Testing Report”) by the national consulting firm through their counsel to the Commissioner. The Licensing Control Assessment & Transaction Testing Report indicates that Respondent’s new controls are in fact working effectively to prevent recurrence of the licensing issues described in the March 2016 report.

#### CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) 40 P.S. §310.3(a) prohibits a person from acting as a producer unless the person is licensed as an insurance producer for the line of authority under which the contract is issued.
  
- (c) Respondent's activities described in paragraph 3(d) constitute acting as an insurance producer without a license, in violation of 40 P.S. §310.3(a).
  
- (d) Respondent's violations of Sections 310.3(a) are punishable by the following under (40 P.S. 310.91):
  - (i) suspension, revocation or refusal to issue the certificate of qualification or license;
  - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act
  - (iii) an order to cease and desist; and
  - (iv) any other conditions as the Commissioner deems appropriate.

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall pay One Hundred Twenty-Five Thousand Dollars (\$125,000.00) in settlement of all violations contained in the Report.
- (c) Payment of this matter shall be made to the Pennsylvania Insurance Department. Payment should be directed to April Phelps, Insurance Department, Bureau of Market Actions, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment must be made no later than fourteen (14) days after the date of this Order.
- (d) Respondent's licenses may be immediately suspended by the Department following its investigation and determination that (i) any terms of this Order have not been complied with, or (ii) any confirmed complaint against Respondent is accurate and a licensing statute or regulation has been

violated. The Department's right to act under this section is limited to a period of three (3) years from the date of this Order.

(e) Respondent specifically waives his right to prior notice of said suspension, but will be entitled to a hearing upon written request received by the Department no later than thirty (30) days after the date the Department mailed to Respondent by certified mail, return receipt requested, notification of said suspension, which hearing shall be scheduled for a date within sixty (60) days of the Department's receipt of Respondent's written request.

(f) At the hearing referred to in paragraph 5(d) of this Order, Respondent shall have the burden of demonstrating that it is worthy of a license.

(g) In the event Respondent's licenses are suspended pursuant to paragraph 5(d) above, and Respondent either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that it is worthy of a license, Respondent's suspended licenses shall be revoked.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative

Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

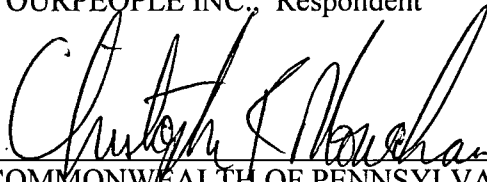
11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law

contained herein, and this Consent Order is not effective until executed by the  
Insurance Commissioner or a duly authorized delegee.

DocuSigned by:  
*Joshua Stein*  
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BY:

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Joshua Stein, General Counsel  
YOURPEOPLE INC., Respondent



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COMMONWEALTH OF PENNSYLVANIA  
By: CHRISTOPHER R. MONAHAN  
Deputy Insurance Commissioner