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**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**

**STATE OF NORTH CAROLINA
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER
OF INSURANCE**

**IN THE MATTER OF)
THE LICENSURE OF)
YOURPEOPLE, INC. DBA)
ZENEFITS FTW INSURANCE)
SERVICES)
NATIONAL PRODUCER # 17076225)**

**VOLUNTARY SETTLEMENT
AGREEMENT**

NOW COMES YourPeople, Inc., dba Zenefits FTW Insurance Services (hereinafter, "Zenefits") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "Agreement"):

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State and for regulating and licensing insurance companies and agents; and

WHEREAS, Zenefits currently holds an active license as a non-resident business entity. The domicile state of record is California and lists its Designated Responsible Licensed Producer as Jeffrey Hazard; and

WHEREAS, Zenefits was the subject of a multi-state inquiry into unlicensed and unauthorized insurance activity. Zenefits self-reported potential violations to the Department in November 2015, followed by an investigation by the independent consulting firm of PriceWaterhouse Coopers (hereinafter, "PwC") within 90 days of its report to the Department; and

WHEREAS, the final report confirmed that Zenefits engaged in unauthorized insurance activity in North Carolina resulting in unlicensed and/or unappointed agents participating in the issuance of policies to North Carolina consumers in an unauthorized manner during the approximate period of January 2014 through November 2015; and

WHEREAS, Zenefits has been cooperative in providing assistance in interpreting information provided in the report as well as responding to additional inquiries by the Department regarding, among other things, the number and appointment status of producers employed by Zenefits. Based on information provided by Zenefits, the Department has been able to determine that during the time period in question approximately 46 producers were unlicensed and/or without the proper appointments at the specific time of the insurance

transactions examined, resulting in 186 policies being written by unlicensed and/or unappointed producers; and

WHEREAS, N.C. Gen. Stat. § 58-33-26(a) provides that “No person shall act or hold himself or herself out to be an agent, broker, limited representative, adjuster, or motor vehicle damage appraiser unless duly licensed”; and

WHEREAS, N.C. Gen. Stat. §58-33-26 (j) provides that, “A business entity that sells, solicits, or negotiates insurance shall be licensed in accordance with G.S. 58-33-31(b). Every member of the partnership and every officer, director, stockholder, and employee of the business entity personally engaged in this State in selling, soliciting, or negotiating policies of insurance shall qualify as an individual licensee. ...”; and

WHEREAS, N.C. Gen. Stat. § 58-33-40(a) provides that “No individual who holds a valid insurance agent’s license issued by the Commissioner shall, either directly or for an insurance agency, solicit, negotiate, or otherwise act as an agent for an insurer by which the individual has not been appointed”; and

WHEREAS, N.C. Gen. Stat. §§58-2-69 provides that the Commissioner may order the payment of monetary penalty where he determines that there has been a violation, not less than one hundred dollars (\$100.00) nor more than one thousand dollars (\$1,000), for the occurrence of each violation. The statute provides that each day during which the violation occurs is a separate violation; and

WHEREAS, Zenefits admits to, and self-reported, the violations of the above-referenced North Carolina insurance statutes where unlicensed and unappointed persons were allowed to sell, solicit, negotiate insurance products in North Carolina acting in the capacity of a licensed agent; and

WHEREAS, Zenefits has been very cooperative in promptly responding to all inquiries by the Department and has provided detailed information regarding personnel and systems changes to address the statutory violations; and

WHEREAS, Zenefits has taken a number of actions that address remediation and correction of the licensing issues that led to the above violations and ensure future compliance; and

WHEREAS, the Parties mutually wish to resolve this matter by consent before the Department initiates an administrative hearing concerning these violations; and

NOW THEREFORE, in exchange for the consideration of the promises and agreements set out herein, the Department and Zenefits hereby agree to and waive any objections to the following:

1. **Zenefits shall pay a civil penalty in the amount of one hundred four thousand and five hundred dollars (\$104,500.00), due immediately upon execution of this agreement.** The payment of this civil penalty shall be by certified bank check made payable to the "North Carolina Department of Insurance." This civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of the public schools. **The check for the civil penalty and this executed Agreement shall be submitted to the Agent Services Division of the North Carolina Department of Insurance on or before May 1, 2017.**
2. Zenefits shall obey all North Carolina laws and regulations applicable to a licensed insurance business entity.
3. Zenefits enters into this Agreement freely and voluntarily and with the knowledge of its right to have an administrative hearing on this matter.
4. Zenefits voluntarily waives any right to an administrative hearing on the violations and disciplinary actions referenced in this Agreement. Zenefits also waives any right to appeal and agrees not to challenge the validity of this Agreement in any way.
5. This agreement does not in any way affect the Department's disciplinary power in any other cases or complaints involving Zenefits.
6. This Agreement, when finalized, will be a public record and is not confidential. Any and all licenses issued by the Department to the licensee shall reflect that Regulatory Action has been taken against the licensee following the execution of this Agreement. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure.
7. This written document contains the entire Agreement between the Parties. There are no other oral or written agreements of any kind that alter or add to this agreement.
8. The Parties agree that the Superior Court of Wake County shall be the venue for any actions seeking to enforce this Agreement.
9. If, for any reason, any part or provision of this Agreement is found to be void or unenforceable, the other parts and provisions shall remain in full force and effect.
10. The Parties have read and understand this Agreement and agree to abide by the terms and conditions contained herein.

This the 25 day of April, 2017.

**For YourPeople, Inc. dba
Zenefits FTW Insurance Services:**



Joshua Stein, General Counsel

**For the North Carolina Department
of Insurance:**



Rebecca Smiley, Deputy Commissioner