

STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. INS-16-0222

YOURPEOPLE INC., dba ZENEFITS FTW  
INSURANCE SERVICES,

ORDER TO CEASE AND DESIST,  
FINAL ORDER IMPOSING CIVIL  
PENALTY AND CONSENT TO  
ENTRY OF ORDER

Respondent.

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 (“Insurance Code”), has conducted an investigation into the insurance related activities of YourPeople, Inc., dba Zenefits FTW Insurance Services (“Respondent”).

Respondent wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Respondent hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. YourPeople, Inc. (“YourPeople”) has been licensed as an Oregon nonresident insurance producer since February 25, 2014. YourPeople’s NAIC national producer number is 17076225. YourPeople is registered to do business under the assumed name Zenefits FTW Insurance Services.

2. Respondent is a San Francisco-based privately held company founded in February 2013. Respondent offers a cloud-based software-as-a-service platform for

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1 small business customers that integrates the administration of human resources and  
2 employee benefits. Through this service, Respondent is able to act as an insurance agent  
3 for customers that choose to use Respondent to service their insurance needs.

4 3. On November 24, 2015, Respondent reported to the Oregon Insurance  
5 Division, now the Division of Financial Regulation (“Division”), that Respondent was  
6 conducting an investigation into compliance issues involving nonresident licensing of  
7 agents working for Respondent.

8 4. On December 11, 2015, Respondent reported to the Division that Respondent  
9 had retained PricewaterhouseCoopers (“PwC”) to understand, assess and confirm the  
10 results of Respondent’s internal investigation and to advise Respondent on the  
11 methodology of the investigation.

12 5. PwC released a Restated Final Report – Oregon (“Report”) dated March 29,  
13 2016. The Report summarized Respondent’s insurance sales-related activities during the  
14 period from January 1, 2014 through November 30, 2015. The Report revealed that  
15 Respondent accepted insurance business from unlicensed agents on 67 occasions.

16 6. On March 29, 2016, Respondent provided the Report to the Division.

17 7. Respondent has taken steps to remediate past violations of the Oregon  
18 Insurance Code, including the following:

19 A. Respondent implemented new administrative and technical licensing controls  
20 to ensure that employees who transact insurance business with customers have  
21 appropriate resident and nonresident licenses. PwC tested the design of the licensing  
22 controls and determined that the controls were adequately designed to address the risk of  
23 sales activity being performed by agents without appropriate producer licensure.

24 B. Respondent has mandated that all of its producers complete fifty-two hours of  
25 continuing education courses offered by the National Association of Health  
26 Underwriters, including twelve hours of ethics training.



1 C. Respondent replaced its CEO and its head of sales, created the position of  
2 Chief Compliance Officer, reconstituted its Board of Directors, and established a  
3 compliance team with twelve dedicated compliance personnel positions.  
4

5 CONCLUSIONS OF LAW

6 The Director CONCLUDES that:

7 8. Under ORS 731.252(1), whenever the Director has reason to believe that any  
8 person has been engaged or is engaging or is about to engage in any violation of the  
9 Insurance Code, the Director may issue an order to discontinue or desist from such  
10 violation or threatened violation.

11 9. Under ORS 744.074(1)(m), the Director may place a licensee on probation or  
12 revoke an insurance producer license, and may take other actions authorized by the  
13 Insurance Code in lieu thereof or in addition thereto, for knowingly accepting insurance  
14 business from an individual who is not licensed.

15 10. Respondents violated ORS 744.074(1)(m) by accepting unlicensed insurance  
16 business on 67 different occasions.

17 11. Under ORS 731.988(1), the Director may assess CIVIL PENALTIES in an  
18 amount not to exceed \$10,000 per violation against a person who violates any provision  
19 of the Insurance Code or any lawful rule of the Director.  
20

21 ORDERS

22 The Director issues the following ORDERS:

23 12. As authorized by ORS 731.252(1), the Director ORDERS Respondents to  
24 CEASE AND DESIST from violating any provision of the Insurance Code or the  
25 administrative rules promulgated thereunder.

26 13. Based upon the foregoing and as authorized by ORS 731.988(1), the Director

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1 ORDERS that Respondent pay a CIVIL PENALTY of \$1,000 per occurrence for 67  
2 violations of ORS 744.074(1)(m) for a total CIVIL PENALTY of \$67,000.

3 14. The Director SUSPENDS the collection of \$33,500 of the total CIVIL  
4 PENALTY assessed above, so long as Respondent complies with all terms and  
5 conditions of this Order and all requirements of the Oregon Insurance Code. If  
6 Respondent complies with the terms of this Order and the Director has not initiated an  
7 enforcement action for new violations of the Oregon Insurance Code during the three-  
8 year period from the effective date of this Order, the Director WAIVES the collection of  
9 the suspended CIVIL PENALTY assessed herein.

10 15. The \$33,500 CIVIL PENALTY assessed above that is not suspended is due  
11 and payable at the time this Order is returned to the Division

12 SO ORDERED this 15<sup>th</sup> day of November, 2016.

13  
14 PATRICK M. ALLEN, Director  
Department of Consumer and Business Services

15  
16 /s/ David Tatman  
17 David C. Tatman, Chief of Enforcement  
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Joshua Stein, state that I am an executive of YourPeople, Inc. and I am authorized to act on its behalf. I have read the foregoing Order, and I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. YourPeople, Inc. voluntarily and without any force or duress consents to the entry of this Order expressly waiving any right to a hearing in this matter. YourPeople, Inc. understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code. YourPeople, Inc. will fully comply with the terms and conditions stated herein.

YourPeople, Inc. understands that this Order is a public document.

/s/ Joshua Stein  
Signature

Joshua Stein  
Printed name

Chief Compliance Officer & VP of Legal  
Office held

ACKNOWLEDGMENT

There appeared before me this 7<sup>th</sup> day of November, 2016, Joshua Stein, who was first duly sworn on oath, and stated that she/he was and is an officer of YourPeople, Inc. and that she/he is authorized and empowered to sign this Consent to Entry of Order on behalf of YourPeople, Inc. and to bind YourPeople, Inc. to the terms hereof.

/s/ Oud Sapprasert O'Brien  
Signature of Notary Public

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