BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

STATE OF NEBRASKA DEPARTMENT OF INSURANCE, PETITIONER, VS. YOURPEOPLE, INC. d/b/a ZENEFITS FTW INSURANCE SERVICES (NAIC National Producer #17076225), RESPONDENT.	)))))))))))	CONSENT ORDER CAUSE NO. A-2065

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its attorney, Matthew W. Holman, and YourPeople, Inc. d/b/a Zenefits FTW Insurance Services ("Respondent"), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb. Rev. Stat. §§ 44-101.01, and 44-4047 to 44-4067.

2. Respondent was licensed as a non-resident insurance producer under the laws of Nebraska at all times material hereto.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. YourPeople, Inc. d/b/a Zenefits FTW Insurance Services, Cause Number A-2065 on May 1, 2017. A copy of the petition was served upon the Respondent by e-mailing a copy to Respondent's counsel, Thomas Welsh, Orrick, Herrington, & Sutcliffe LLP, tomwelsh@orrick.com.

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Respondent is alleged to have violated Neb. Rev. Stat. §§ 44-4050 and 44-4059(1)(b) as follows:

a. On or about November 24, 2015, Respondent notified the Nebraska Department of Insurance that it had become aware of potential licensing violations associated with its operation in the state. On or about December 11, 2015, Respondent provided notification that it had engaged a nationally recognized audit firm to assist with a comprehensive review of insurance activities.

b. On or about March 1, 2016, Respondent provided a report to the Department indicating that there had been 21 potential licensing violations in Nebraska between January 1, 2014 and November 30, 2015.

2. Respondent has taken steps to remediate these alleged violations as follows:

a. Respondent retained a nationally recognized audit firm to independently assess the reports of its violations, as well as to evaluate the design of new administrative and technical licensing controls to ensure that employees who transact insurance business with customers have appropriate resident and non-resident insurance licenses.

b. Respondent retained the same audit firm in the 3rd quarter of 2016 to review the operation of its licensing controls from March 1, 2016 to June 30, 2016. On October 13, 2016, Respondent provided the audit firm's report of the effectiveness of the new controls to the Nebraska Department of Insurance, which concluded that Respondent's controls were operating as designed. Respondent then released the updated controls as a free Salesforce app, and it is available to any multi-state insurance brokerage that utilizes Salesforce as its customer management system.

c. Respondent has obtained all necessary licenses for current employees who are operating in Nebraska.

d. Respondent has mandated that all of its producers complete 52 credit hours of continuing education courses offered by the National Associating of Health Underwriters ("NAHU"), including 12 hours of ethics training, by the later of one year after the date of their hire or March, 2017.

e. Respondent has made a series of changes to its corporate structure and leadership. Respondent replaced its CEO, head of sales, and several other senior executives. The company has reconstituted its Board of Directors,

from a Board of four members controlled by the CEO founder to a Board of six members of which two-thirds of the votes are controlled by outside directors. Further, the company has created the position of Chief Compliance Officer and has built out a significant compliance department.

f. Respondent has fully cooperated with the Nebraska Department of Insurance related to this matter.

3. Respondent was informed of its right to a public hearing. Respondent waives that right and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving its right to a public hearing, Respondent also waives its right to confrontation of witnesses, production of evidence, and judicial review.

CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes violations of Neb. Rev. Stat. §§ 44-4050 and 44-4059(1)(b).

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed by Respondent, YourPeople, Inc. d/b/a Zenefits FTW Insurance Services, that:

1. Respondent shall pay an administrative fine in the amount of five thousand dollars ($5,000.00) due within 30 days after the Director of Insurance or her designee approves and signs this consent order. If Respondent fails to pay the amount required under this consent order, within the time specified, Respondent's insurance producer license shall automatically be revoked.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his signature below.

Matthew W. Holman, #24410
Attorney for Petitioner
941 "O" Street, Suite 400
Lincoln, NE 68508
(402) 471-2201

5/2/2017
Date

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

By: Joshua Stein, General Counsel

4/26/17
Date

State of CALIFORNIA)
) ss.
County of SAN FRANCISCO)

On this 26th day of APRIL, 2017, JOSHUA STEIN personally appeared before me on behalf of YourPeople, Inc. d/b/a Zenefits FTW Insurance Services and read this Consent Order, executed the same, and acknowledged the same to be his voluntary act and deed.

Notary Public

OUD SAPPRASERT O'BRIEN
COMM. # 2053120
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My Comm. Expires Dec. 23, 2017

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CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance v. YourPeople, Inc. d/b/a Zenefits FTW Insurance Services, Cause Number A-2065.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Bruce R. Ramge

Bruce Ramge
Director of Insurance

5-2-2017

Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Consent Order was served upon Respondent by e-mailing a copy to Respondent's counsel, Thomas Welsh, Orrick, Herrington, & Sutcliffe LLP, tomwelsh@orrick.com, on this 3 day of May, 2017.

Brandon Counsel