

State of Idaho
DEPARTMENT OF INSURANCE

C.L. "BUTCH" OTTER
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208)334-4250
Fax (208)334-4398
Website: <http://www.doi.idaho.gov>

DEAN L. CAMERON
Director

Idaho Department of Insurance News Release

For immediate release, November 14, 2016

Contact: Tricia Carney 208-334-4312 or 208-850-2342

Tricia.carney@doi.idaho.gov

Zenefits licensing scheme results in administrative penalty

BOISE ID – The Idaho Department of Insurance issued a stipulated order for an administrative penalty of \$25,000 to Zenefits FTW Insurance Services on October 25 for knowingly allowing employees to sell insurance in Idaho without proper licensing.

"Knowingly accepting insurance business from employees who are not licensed is a practice that cannot be tolerated," says Department Director Dean Cameron. "Zenefits has been unlawfully doing business in Idaho and a number of other states and has been fined thousands of dollars by several states."

Zenefits has been licensed in Idaho since 2014. In November 2015, after a request from the Department and after other states had opened investigations, Zenefits reported to state regulators nationwide that a number of producer compliance issues had been identified. They agreed to conduct an internal audit which revealed systemic flaws in Zenefits oversight and licensing procedures. The report discovered that employees were conducting the business of insurance without licenses and that some licensees had access to a technology tool that would misrepresent the hours studied for licensing exams. These findings were reported to the Department in March of this year.

To ensure compliance with licensing requirements, Zenefits now requires all employees whose job function is to sell, solicit, or negotiate insurance to obtain licenses, and has implemented new administrative and technical licensing controls. The technology tool previously accessible is no longer available, and all producers are required to complete 52 hours of continuing education courses, including ethics.

In addition, Zenefits has replaced top leadership, hired a Chief Compliance Officer, and established a compliance team to monitor compliance with state licensing requirements. A national accounting firm has been retained to test the operations of the new licensing controls and report the results to the Department.

Cameron said, "It is important for consumers to have confidence that they are dealing with reputable agents or firms who have studied, passed exams, and obtained licenses legitimately before conducting any insurance business in Idaho. We will continue to work diligently to enforce that requirement."

The stipulation can be read in its entirety on the Department [website](#).

About the Department of Insurance

The Idaho Department of Insurance has been regulating the business of insurance in Idaho since 1901. The mission of the Department is to equitably, effectively and efficiently administer the Idaho Insurance Code and the International Fire Code. For more information, visit www.doi.idaho.gov.

#