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COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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JOHN C. CHAPMAN
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DANIEL R. JUDSON
COMMISSIONER OF INSURANCE

via email

January 17, 2017

Louis Chames
American Pet Insurance Company
AVP- Regulatory and Compliance
6100 4th Avenue S
Seattle, WA 98108-3234

Re: American Pet Insurance Company
SIU Investigation No. 9258

Dear Mr. Chames:

I represent the Massachusetts Division of Insurance (“Division”) with regard to the above-captioned investigation. The Division has investigated American Pet Insurance Company, (“APIC”), Trupanion Managers USA, Inc. (“Trupanion USA”), and PetPartners, Inc. writing insurance policies in Massachusetts using unlicensed individuals and accepting business from unlicensed insurance producers.

The Division alleges in summary that APIC through its agencies, Trupanion USA and PetPartners, Inc., wrote, placed, renewed and/or negotiated more than 7,500 policies from January 2009 to July 2016 with Massachusetts consumers while using unlicensed individuals. The Division alleges that APIC committed more than 7,500 violations of M.G.L. c. 175, § 175 and M.G.L. c. 175, § 177 in paying unlicensed employees. The penalty for each and every violation of M.G.L. c. 175, § 175 is a fine of not more than \$100. The penalty for each and every violation of M.G.L. c. 175, § 177 is a fine of not more than \$500. Each violation of M.G.L. c. 175, § 175 and M.G.L. c. 175, § 177 is also a potential violation of M.G.L. c. 175, § 162R(a)(2), the penalty of which is a fine of no more than \$1,000 and/or license suspension, probation or revocation.

The Division notes that APIC, Trupanion USA and PetPartners, Inc. undertook various internal remedial measures once apprised of licensing issues.

The Division proposes to resolve this matter through a settlement if APIC agrees to waive its right to a hearing in this matter, agrees to cease and desist from the above-alleged conduct and pays a fine of \$75,000.00. This will be a reportable administrative action. If APIC chooses to

accept the Division's offer, please sign this settlement letter where provided below and return it to my attention, together with a check made payable to the Commonwealth of Massachusetts, no later than January 31, 2017.


Although this correspondence does not constitute the required statutory notice of a public hearing, if this matter is not resolved by January 31, 2017, the Division intends to file an Order to Show Cause and will notify you of the hearing date.

Thank you for your prompt attention to this matter. Should you have any questions or wish to discuss the matter further, I may be reached at (617) 521-7389.

Sincerely,

Robert J. Kelly, Esq.
Counsel to the Commissioner

SIGNED: American Pet Insurance Company
by:



Louis Chames (printed name)

DATE: 1/30/2017