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

In the Matter of: Ryan Lorsch, Protegrity, LLC, and Devin Barnes Respondents	**Case No. INS-23-0032** **FINAL ORDER TO CEASE AND DESIST AND FINAL ORDER ASSESSING CIVIL PENALTIES, ENTERED BY CONSENT** AS AGAINST DEVIN BARNES ONLY

The Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting in accordance with Oregon Revised Statutes ("ORS") 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 ("Insurance Code"), has determined that Ryan Lorsch ("Lorsch"), Protegrity, LLC ("Protegrity"), and Devin Barnes ("Barnes") (collectively "Respondents") engaged in activities constituting violations of the Oregon Insurance Code.

Respondent Devin Barnes now wishes to settle this matter against him.

Now, therefore, as evidenced by the authorized signature subscribed on this Order, Barnes hereby CONSENTS to entry of this Order upon the Director's Findings of Fact and Conclusions of Law below.

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FINDINGS OF FACT

The Director FINDS that:

1. Ryan Lorsch's National Association of Insurance Commissioners (NAIC) National Producer Number (NPN) is 16600095. Lorsch has been licensed in Oregon as a non-resident individual insurance producer since June 3, 2019. Lorsch's last recorded principal place of business address is 2680 S. Val Vista Drive, Gilbert, Arizona, 85295-

2152.

2. Protegrity LLC has been licensed in Oregon as a non-resident business entity insurance producer since June 21, 2019. Protegrity's license number is 3000576507 and its NAIC NPN is 18789939. Protegrity's last recorded principal place of business address is 2680 S. Val Vista Drive, Bldg. 15, Unit #185-2, Gilbert, Arizona 85295. Lorsch is the owner and designated responsible licensed producer (DRLP) for Protegrity.

3. Devin Barnes was employed by Protegrity from May 2018 to November 2022 as a sales representative and insurance agent. Barnes has never held a non-resident individual insurance producer license in Oregon. Barnes' NPN is 19053059 and his last recorded mailing address is 742 E. Morelos Ct. Chandler, Arizona 85225. Barnes is the brother-in-law of Lorsch.

4. The Oregon Division of Financial Regulation ("Division") began an investigation into Respondents following receipt of a March 23, 2023, Notice from the Travelers Companies stating that it had terminated Protegrity's appointments for The Standard Fire Insurance Company and Travelers Personal Insurance Company. The Notice states that the "termination is due to intentionally misrepresenting information used to rate insurance policies."

5. On January 14, 2019, Travelers conducted an individual policy scoring review consisting of the insured's name and address. The individual policy review included a 7-month period initiated in July 2018 and consisted of 259 policies. Their review found that four out of the 259 policies reviewed had been "improperly scored"[1] and that the name used to score these four policies was Lorsch.

6. On November 17, 2022, Travelers conducted an individual policy scoring

[1] Insurance carriers frequently use scores based on credit information to underwrite and price policies. The agent obtains a score using the named insured or the spouse of the named insured.

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review for Protegrity which consisted of reviewing the insureds' names and addresses. The individual policy review included a 14-month period initiated in September of 2021 and consisted of 618 policies.

7. Travelers' policy scoring review found that 152 out of the 618 Protegrity policies reviewed had been improperly scored by Protegrity, and that the information used to obtain the insurance score, such as name and date of birth, differed from those of the actual policyholders.[2] Two of these 152 policies were Oregon policies, which related to one individual identified as CB.

8. For each of the 152 policies, the "improper score" was used to obtain more favorable quotes for consumers, resulting in inaccurately-quoted policies with lower premiums. All of the affected Travelers policies scored under Protegrity identified Lorsch as the individual producer.

9. In response to the aforementioned policy review, Lorsch reviewed the affected Travelers policies and determined that the person who quoted and scored the policies was Barnes.

10. Barnes' role at Protegrity was to handle the quoting and selling of insurance policies and he would use Lorsch's code for each of the insurance policies quoted and sold for Traveler's. Barnes changed the insurance scores of prospective Protegrity clients to allow them to obtain lower premiums, which made it easier for him to sell the policies to those clients and meet Protegrity's sales goals.

11. At the time of the termination with Travelers, Lorsch and Protegrity had 22 total policies in Oregon and at all times material Lorsch was the only Protegrity agent with an Oregon non-resident insurance producer license. Protegrity and Lorsch allowed its unlicensed employees to sell 14 of the 22 Oregon policies (including the two Travelers policies referenced above sold by Barnes to CB) under Lorsch's insurance producer

[2] Three of Protegrity's clients' personal information were used to score approx. 85 different policies.

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license.

12. By letter dated April 5, 2023, Barnes admitted to the conduct alleged in paragraph 10 above.

CONCLUSIONS OF LAW

Cease and Desist Authority

13. Pursuant to ORS 731.252 (1), because the Director has reason to believe that Barnes has engaged in violations of the Insurance Code, the Director may issue an order to Barnes to cease and desist from violations of ORS 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750.

Intentionally Misrepresenting Terms of Insurance

14. ORS 744.074(1)(e) provides that the Director "may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for… [i]ntentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance."

15. By intentionally manipulating the insurance scores of two Travelers policies for CB, Barnes committed two violations of ORS 744.074(1)(e).

Admitting Fraud Related to Insurance

16. ORS 744.074(1)(g) provides that the Director "may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for…[h]aving admitted or been found to have committed any unfair trade practice or fraud related to insurance."

17. Barnes, having admitted to engaging in fraudulent activity involving the

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insurance policies sold to CB, committed two violations of ORS 744.074(1)(g).

Fraudulent Practices in the Insurance Business

18. ORS 744.074(1)(h) provides that the Director "may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for…[u]sing fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere."

19. By intentionally manipulating the insurance scores of two Travelers policies for CB, Barnes used a fraudulent and dishonest practice in violation of ORS 744.074(1)(h) on two occasions.

Unlicensed Insurance Activities

20. ORS 744.053 provides that a "person may not sell, solicit or negotiate insurance in this state for any class or classes of insurance unless the person is licensed."

21. Barnes, by selling and negotiating the insurance policies to CB without an Oregon license, committed two violations of ORS 744.053.

Civil Penalty Authority

22. Pursuant to ORS 731.988 (1) the Director may impose a civil penalty not to exceed $1,000.00 for each violation of any provision of the Insurance Code on any individual insurance producer, adjuster, or insurance consultant.

ORDERS

The Director issues the following ORDERS:

23. Pursuant to the authority of ORS 731.252(1), the Director hereby orders Barnes to CEASE AND DESIST from violating ORS 744.053 and from engaging in any

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violations of ORS 744.074(1).

24. As authorized by ORS 731.988(1), the Director hereby ORDERS that Barnes be subject to a CIVIL PENALTY of $8,000 as follows:

A. $2,000 for the two violations of ORS 744.074(1)(e);

B. $2,000 for the two violations of ORS 744.074(1)(g);

C. $2,000 for the two violations of ORS 744.074(1)(h); and

D. $2,000 for the two violations of ORS 744.053;

25. The Director hereby suspends payment of $4,000.00 of the CIVIL PENALTY for a period of three years, provided Barnes:

A. Complies with the terms of this Order; and

B. Does not violate the Insurance Code within the three-year time period.

26. Along with this Order, Barnes shall submit $1,000.00 to the Director as the initial payment for the non-suspended portion of the civil penalties.

27. Payment toward the remaining $3,000.00 of the non-suspended civil penalties shall be made to the Director in the following installments:

A. $500.00 within 30 days of the date of entry of this Order;

B. $500.00 within 60 days of the date of entry of this Order;

C. $500.00 within 90 days of the date of entry of this Order;

D. $500.00 within 120 days of the date of entry of this Order;

E. $500.00 within 150 days of the date of entry of this Order; and

F. $500.00 within 180 days of the date of entry of this Order.

28. The suspended CIVIL PENALTY of $4,000.00 will be waived three years from the effective date of this Order, provided Barnes has complied with the foregoing Order terms. Barnes' failure to satisfy any terms of this Order will render the suspended

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penalties immediately due and owing.

29. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order does not limit or prevent further remedies available to the Director under Oregon law to enforce this Order or take action for violations of this Order or of the Insurance Code not covered by this Order.

IT IS SO ORDERED.

Dated this 18th day of July 2024

Andrew Stolfi, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Devin Barnes, 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 the right to be represented by counsel in this matter. I voluntarily consent to the entry of this Order with no force or duress, expressly waiving any right to a hearing in this matter and any rights to administrative or judicial review of this Order. I understand that the Director reserves the right to take further action to enforce this Order or to take action upon discovery of other violations of the Oregon Insurance Code. I agree to comply with the terms and conditions stated herein.

I understand that this Order is a public document.

Signature /s/ Devin Barnes_____
Name: **Devin Barnes**

ACKNOWLEDGMENT

State of Utah

County of _Utah_____

Signed or attested before me on the 24th of _____June___,2024

/s/Kaleb Maravilla
Notary Public

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