

1
2 **STATE OF OREGON**
3 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
4 **DIVISION OF FINANCIAL REGULATION**

5 In the Matter of:

Case No. INS-23-0032

6 Ryan Lorsch, Protegrity, LLC, and Devin
7 Barnes

**FINAL ORDER TO CEASE AND
DESIST, FINAL ORDER ASSESSING
CIVIL PENALTIES, AND FINAL
ORDER PLACING LICENSEES ON
PROBATION, ENTERED BY
CONSENT**

8 Respondents

9 AS AGAINST RYAN LORSCH AND
10 PROTEGRITY, LLC ONLY

11 The Director of the Department of Consumer and Business Services for the State
12 of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) 731,
13 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 (“Insurance
14 Code”), has determined that Ryan Lorsch (“Lorsch”) and Protegrity, LLC (“Protegrity”)
15 (collectively “Respondents”) engaged in activities constituting violations of the Oregon
16 Insurance Code.

17 Respondents Lorsch and Protegrity cooperated with the Director’s investigation
18 and wish to settle this matter.

19 Now, therefore, as evidenced by the authorized signatures subscribed on this
20 Order, RESPONDENTS hereby CONSENT to entry of this Order upon the Director’s
21 Findings of Fact and Conclusions of Law below.

22 **FINDINGS OF FACT**

23 The Director FINDS that:

24 1. Ryan Lorsch’s National Association of Insurance Commissioners (NAIC)
25 National Producer Number (NPN) is 16600095. Lorsch has been licensed in Oregon as a
26 non-resident individual insurance producer since June 3, 2019. Lorsch's last recorded

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 principal place of business address is 2680 S. Val Vista Drive, Gilbert, Arizona, 85295-
2 2152.

3 2. Protegrity LLC has been licensed in Oregon as a non-resident business
4 entity insurance producer since June 21, 2019. Protegrity's license number is
5 3000576507 and its NAIC NPN is 18789939. Protegrity's last recorded principal place of
6 business address is 2680 S. Val Vista Drive, Bldg. 15, Unit #185-2, Gilbert, Arizona
7 85295. Lorsch is the owner and designated responsible licensed producer (DRLP) for
8 Protegrity.

9 3. Devin Barnes was employed by Protegrity from May 2018 to November
10 2022 as a sales representative and insurance agent. Barnes has never held a non-resident
11 individual insurance producer license in Oregon. Barnes' NPN is 19053059 and his last
12 recorded mailing address is 742 E. Morelos Ct. Chandler, Arizona 85225. Barnes is the
13 brother-in-law of Lorsch.

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

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

25 _____
26 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.



1 6. On November 17, 2022, Travelers conducted an individual policy scoring
2 review for Protegrity which consisted of reviewing the insureds' names and addresses.
3 The individual policy review included a 14-month period initiated in September of 2021
4 and consisted of 618 policies.

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

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

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

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

22 11. At the time of the termination with Travelers, Lorsch and Protegrity had
23 22 total policies in Oregon and at all times material Lorsch was the only Protegrity agent
24 with an Oregon non-resident insurance producer license. Protegrity and Lorsch allowed
25 its unlicensed employees to sell 14 of the 22 Oregon policies (including the two Travelers

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

1 policies referenced above sold by Barnes to CB) under Lorsch’s insurance producer
2 license.

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

5 **CONCLUSIONS OF LAW**

6 ***Cease and Desist Authority***

7 13. Pursuant to ORS 731.252 (1), because the Director has reason to believe
8 that Respondents have engaged in violations of the Insurance Code, the Director may
9 issue an order to Respondents to cease and desist from violations of ORS 731, 732, 733,
10 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750.

11 ***Demonstrating Incompetence in the Insurance Business***

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

18 15. By intentionally manipulating the insurance scores of two Travelers
19 policies for CB, Barnes used a fraudulent and dishonest practice in violation of ORS
20 744.074(1)(h) on two occasions.

21 16. Protegrity, which authorized Barnes to act on its behalf to quote and sell
22 insurance policies, committed two violations of ORS 744.074(1)(h) when Barnes, acting
23 within the course and scope of employment with Protegrity, sold the two improperly
24 scored policies to CB.

25 17. Lorsch, as the DRLP of Protegrity, is responsible for “compliance with the
26 insurance laws and rules of this state” pursuant to ORS 744.059(2)(b). By failing to

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 ensure that Barnes and Protegrity complied with their obligation to not engage in
2 fraudulent practices, Lorsch committed two violations of ORS 744.074(1)(h).

3 18. By permitting unlicensed Protegrity employees to quote and sell policies
4 in Oregon without a license on 14 occasions as described in paragraph 12, Protegrity
5 demonstrated incompetence in conducting its insurance business in Oregon in violation
6 of ORS 744.074(1)(h).

7 19. Lorsch, by failing to ensure that Protegrity demonstrated competence in
8 conducting its business in Oregon as required by ORS 744.059(2)(b), committed 14
9 violations of ORS 744.074(1)(h) as related to the unlicensed sale of insurance to 14
10 consumers.

11 *Unlicensed Insurance Activities*

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

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

16 22. Protegrity, by having its employees sell 14 policies in Oregon without first
17 obtaining the necessary non-resident insurance producer licenses as described in
18 paragraph 12, sold insurance within this state without a license on 14 occasions in
19 violation of ORS 744.053.

20 23. Lorsch, by failing to ensure Protegrity’s compliance with ORS 744.053 as
21 required by ORS 744.059(2)(b), committed 14 violations of ORS 744.053.

22 *Civil Penalty Authority*

23 24. Pursuant to ORS 731.988 (1) the Director may impose a civil penalty not
24 to exceed \$1,000 for each violation of any provision of the Insurance Code on any
25 individual insurance producer, adjuster, or insurance consultant.

26 ///

1 **ORDERS**

2 The Director issues the following ORDERS:

3 25. Pursuant to the authority of ORS 731.252(1), the Director hereby orders
4 Respondents Lorsch and Protegrity to CEASE AND DESIST from violating ORS
5 744.053 and from engaging in any violations of ORS 744.074(1).

6 26. As authorized by ORS 744.074(1)(h), the Director hereby places Lorsch's
7 non-resident individual insurance producer license on PROBATION for ONE YEAR.

8 27. As authorized by ORS 744.074(1)(h), the Director hereby places
9 Protegrity's non-resident business entity insurance producer license on PROBATION for
10 ONE YEAR.

11 28. During the foregoing probationary periods, Respondents shall satisfy the
12 following conditions:

13 A. Protegrity will provide the Division with quarterly reports which
14 identify:

- 15 (a) The insurance policies sold in Oregon that quarter; and
16 (b) The persons to whom Protegrity sold the policies, including
17 their contact information.

18 B. Lorsch, as the DRLP of Protegrity, will conduct monthly one-on-one
19 meetings with each of Protegrity's Oregon-licensed producers to
20 review their work product on Oregon policies sold during that
21 month.

22 29. As authorized by ORS 731.988(1), the Director hereby ORDERS that
23 Lorsch and Protegrity be subject to a CIVIL PENALTY, jointly and severally, in the
24 amount of \$16,000.00 as follows:

- 25 A. \$2,000.00 for two violations of ORS 744.074(1)(h); and
26 B. \$14,000.00 for 14 violations of ORS 744.074(1)(h) and ORS

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



744.053.

30. The Director hereby suspends payment of \$8,000.00 of the CIVIL PENALTY for a period of three years, provided Respondents:

A. Comply with the terms of this Order; and

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

31. The suspended CIVIL PENALTY of \$8,000.00 will be waived three years from the effective date of this Order, provided Respondents have complied with the foregoing Order terms. Respondent’s failure to satisfy any terms of this Order will render the suspended penalties immediately due and owing.

///

///

///

///

///

///

///

///

///

///

///

///

///

///

///

///

///

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 32. The non-suspended CIVIL PENALTY of \$8,000.00 is due and payable at
2 the time Respondents return this Order to the Division.

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

7
8 **IT IS SO ORDERED.**

9
10 Dated this 21st day of March, 2024

11
12 Andrew Stolfi, Director
13 Department of Consumer and Business Services

14 /s/ Dorothy Bean
15 Dorothy Bean, Chief of Enforcement
16 Division of Financial Regulation

17
18 *[The remainder of this page intentionally left blank.]*
19
20
21

22
23
24
25
26
Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

ENTITY CONSENT TO ENTRY OF ORDER

I, Ryan Lorsch, am an officer or manager of Protegrity, LLC (“Protegrity”) and I am authorized to act and sign on its behalf. I have read the foregoing Order, and I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. Protegrity has been advised of the right to a hearing and of the right to be represented by counsel in this matter. Protegrity voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. Protegrity understands that the Director reserves the right to take further action against it to enforce this Order or to take appropriate action upon discovery that Protegrity has committed other violations of the Insurance Code. Protegrity, along with its officers, directors, employees, or agents, will fully comply with the terms and conditions stated herein.

Protegrity understands that this Order is a public document.

Signature: /s/ Ryan Lorsch

Position Held: Owner

State of Arizona

County of Maricopa

Signed or attested before me on this 16th day of March,

2024.

/s/ Dylan Pesino
Notary Public

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



CONSENT TO ENTRY OF ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

I, Ryan Lorsch, 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/ Ryan Lorsch

Name: **Ryan Lorsch**

ACKNOWLEDGMENT

State of Arizona
County of Maricopa _____

Signed or attested before me on the 16th of March , 2024

/s/ Dylan Pesino
Notary Public

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

