

STATE OF ARIZONA
Department of Insurance and Financial Institutions
FILED January 31, 2024 by AS

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of:

No. 24A-005-INS

LORSCH, RYAN MICHAEL

CONSENT ORDER

(National Producer No. 16600095)

and

PROTEGRITY LLC

(National Producer No. 18789939)

Respondents.

The Arizona Department of Insurance and Financial Institutions (“Department”) has received allegations that **Ryan Michael Lorsch (“Lorsch”)** and **Protegrity LLC (“Protegrity”)**, collectively **Respondents**, violated provisions of Arizona Revised Statutes (“A.R.S.”) Title 20. Respondents wish to resolve this matter without the commencement of formal proceedings, and admit the following Findings of Fact are true, and consent to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Lorsch was at all material times licensed as an Arizona resident insurance producer, National Producer Number 16600095, with lines of authority in life, property, and casualty insurance. The Department first licensed Lorsch on April 3, 2012. Lorsch’s license is scheduled to expire on November 30, 2027.

1 2. Protegrity was at all martial times licensed as an Arizona domiciled insurance
2 producer entity, National Producer Number 18789939, with lines of authority in life,
3 property, casualty, and personal lines insurance. The Department first licensed Protegrity
4 on May 16, 2018. Protegrity’s license is scheduled to expire on May 31, 2026.

5 3. Lorsch is a designated responsible licensed producer of Protegrity.

6 4. Respondents’ addresses of record with the Department are: 2680 South Val
7 Vista Drive, Ste. 182, Gilbert, Arizona 85295-1674 (business for Lorsch), 2680 South Val
8 Vista Drive, Building 15, Gilbert, Arizona 85295-1674 (business for Protegrity); 18521 East
9 Queen Creek Road, Ste. 105-628, Queen Creek, Arizona 85142-5866 (mailing),
10 Ryan@protegrityinsurance.com and ryan.lorsch@gmail.com (email).

11 5. On or about March 24, 2023, the Department received a case referral from
12 Travelers Casualty and Surety Company (“Travelers”) alleging that Respondents
13 improperly scored¹ 152 out of the 618 reviewed insurance policies for a 14-month period
14 from September 2021 to November 2022. Travelers alleged that Respondents used false
15 personal information such as names and dates of birth to obtain a more favorable score and,
16 thus, lower premium payments for insureds.

17 6. On or about March 29, 2023, the Department received a notice from Travelers
18 of Respondents’ appointment termination with Travelers due to being, as alleged by
19 Travelers in its submitted case referral, “engaged in fraud or willful misconduct.”

20 7. The Department commenced an investigation into this matter. The
21 Department’s investigation determined the following:

22 ¹ An insurance score is a number that insurance companies use to predict how likely a potential future customer is to file a claim.

- 1 a) On or about March 31, 2023, the Department sent an email correspondence to
2 Lorsch advising him of the complaint by Travelers and inviting him to
3 respond to the complaint’s allegations.
- 4 b) On or about April 6, 2023, Lorsch responded stating, in part, “I was shocked
5 and appalled to learn of” fraudulent activity conducted within his agency.
6 Lorsch explained that Travelers did not bring any of its complaints to
7 Respondents’ attention until late 2022, even though Travelers had identified a
8 potential problem in September 2021.
- 9 c) When Lorsch received the sample policy list, Lorsch investigated and
10 discovered that each of the policies was written by Devin Barnes (“Barnes”), a
11 then-employee of Protegrity. Lorsch informed Travelers of Barnes’
12 involvement and Travelers advised him not to contact Barnes due to
13 Travelers’ ongoing investigation.
- 14 d) In a letter dated April 5, 2023, Barnes admitted that he manipulated the
15 insurance scores of potential clients who rejected the initial quotes by using
16 “the details of a different client who paid a lower premium to produce a better
17 insurance score for the initial potential client.” He further stated that “no one
18 at Protegrity gave me any instructions or encouragement to do this. It was my
19 own idea. I acted alone, and I did so without the knowledge or approval of
20 my former boss, Ryan, or any of my colleagues.”
- 21 e) In an email dated April 19, 2023, Barnes further confirmed to the Department
22 “[a]ll the fraudulent policies were ones I had quoted and sold.”

- 1 f) On or about May 22, 2023, the Department conducted a video interview with
2 Lorsch.
- 3 g) During the interview, Lorsch openly described Barnes' relationship with
4 Respondents: Barnes (at the time) was a licensed Arizona resident insurance
5 producer and is Lorsch's brother-in-law.
- 6 h) During the interview, the Department asked about the individual producer's
7 access to and use of Travelers' system. Lorsch explained that Travelers did
8 not provide multiple login credentials to Lorsch and his team at Protegrity.
9 Lorsch also explained that Travelers did not require Protegrity to obtain
10 separate login credentials.
- 11 i) On or about April 22, 2020, Travelers' Senior Sales Executive sent an email
12 with the subject line "For Devon [sic] – Auto Quotes" containing "weeks
13 quotes" and inquired about "last week's efforts." The email was sent to
14 Lorsch's email address.
- 15 j) On or about April 27, 2020, a reply was sent from Lorsch's email address
16 stating, in part, "Hi Katy – Devin here."
- 17 k) The April 22nd and April 27th email correspondence confirmed that Travelers
18 was aware of Barnes' involvement in Respondents' insurance business and
19 use of Lorsch's login credentials to write policies for Travelers.
- 20 l) Lorsch stated that he did have procedures in place to detect and prevent any
21 potential agent misconduct at the time Barnes manipulated insurance scores,
22 but did not have a procedure in place to prevent the specific type of

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wrongdoing committed by Barnes because (i) no insurer other than Travelers even allowed this type of manipulation to occur and (ii) no system would proactively identify the manipulation without a post-hoc policy-by-policy review. Respondent alleged that Travelers' system allowed a producer to change the data input into the system which then allows the producer to receive multiple potential quotes and determine which quote is the most affordable for the potential insured. Respondent further alleged that because Travelers' system set up, he or a member of his staff would have to individually pull each policy his agency writes on behalf of Travelers and manually compare the data to determine if it matched the information provided by the insured.

m) Following this incident, Respondents have instituted a policy requiring each producer to have a separate login credential for the insurers with whom Protegrity writes policies.

CONCLUSIONS OF LAW

- 8. The Director has jurisdiction over this matter.
- 9. Lorsch, is responsible for Protegrity and its employees' compliance with the insurance laws of the State of Arizona. A.R.S. § 20-285(C)(3).
- 10. Grounds exist, in addition to or instead of any suspension or revocation for the Director to impose a civil penalty of not more than \$250.00 for each unintentional failure or violation up to an aggregate civil penalty of \$2,500.00, or impose a civil penalty of not more than \$2,500.00 for each intentional failure or violation, up to an aggregate civil penalty of

1 \$15,000.00. A.R.S. § 20-295(F).

2 **ORDER**

3 **IT IS HEREBY ORDERED THAT:**

4 11. Ryan Michael Lorsch and Protegrity LLC shall immediately pay to the
5 Department a civil money penalty in the amount of five hundred dollars (\$500.00).
6 Respondents are jointly and severally responsible for payment of the civil money penalty.

7 Effective this 31st day of January, 2024.

8 *Barbara D. Richardson*

9 _____
10 Barbara D. Richardson
11 Cabinet Executive Officer
12 Executive Deputy Director
13 Arizona Department of Insurance and Financial Institutions
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CONSENT TO ORDER

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1. Respondents acknowledge that they have been served with a copy of the foregoing Consent Order in the above-referenced matter, have read it, are aware of their right to an administrative hearing in this matter and have knowingly and voluntarily waived that right.

2. Respondents accept the personal and subject matter jurisdiction of the Department over them in this matter.

3. Respondents acknowledge that no promise of any kind or nature has been made to induce them to sign the Consent to Order and they have done so knowingly and voluntarily.


4. Respondents acknowledge and agree that the acceptance of this Consent to Order by the Director is solely to settle this matter and does not preclude the Department from instituting other proceedings as may be appropriate now or in the future. Furthermore, and notwithstanding any language in this Consent Order, this Consent Order does not preclude in any way any other state agency or officer or political subdivision of this state from instituting proceedings, investigating claims, or taking legal action as may be appropriate now or in the future relating to this matter or other matters concerning Respondent, including but not limited to violations of Arizona’s Consumer Fraud Act. Respondent acknowledges that, other than with respect to the Department, this Consent Order makes no representations, implied or otherwise, about the views or intended actions of any other state agency or officer or political subdivision of the state relating to this matter or other matters concerning Respondent.

1 5. Respondents acknowledge and agree that failure to correct the violations set
2 forth above in this Consent Order, or any repeat findings of the above violations in the
3 future, can result in disciplinary action which may include a greater civil money penalty and
4 suspension or revocation of their licenses.

5 6. Respondents waive all rights to seek an administrative or judicial review or
6 otherwise to challenge or contest the validity of this Consent Order and its accompanying
7 parts before any court of competent jurisdiction.

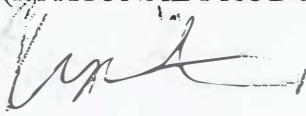
8 7. Respondents acknowledge that this Consent Order is an administrative action
9 that the Department will report to the National Association of Insurance Commissioners
10 (NAIC). Respondents further acknowledge that they must report this administrative action
11 to any and all states in which Respondents hold an insurance license and must disclose this
12 administrative action on any license application.

13
14 1/11/24
15 DATE



RYAN MICHAEL LORSCH
(NATIONAL PRODUCER NO. 16600095)

16 1/11/24
17 DATE



PROTEGRITY LLC
(National Producer No. 18789939)

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1 **COPY** of the foregoing delivered via email
this 31st day of January, 2024, to:

2 Joshua Ernst, Esq.
3 Ernst, Brown & Draper, PLLC
1930 S. Alma School Road, Suite A200
4 Mesa, AZ 85210
Phone: 602-324-9640
5 Fax: 602-324-9658
JErnst@ebdlawyers.com
6 Attorney for Respondents

7 **COPY** of the foregoing delivered/mailed same date, to:

8 Deian Ousounov, Assistant Director
Gio Espinosa, Regulatory Legal Affairs Officer
9 Ana Starcevic, Paralegal Project Specialist
Cathy O'Neil, Consumer Regulatory Affairs Officer
10 Steven Fromholtz, Division Manager, Licensing
Linda Lutz, Legal Assistant, Licensing
11 Aqueelah Currie, Licensing Supervisor
Wendy Greenwood, Investigator/Investigations Manager
12 Arizona Department of Insurance and Financial Institutions
100 North 15th Avenue, Suite 261
13 Phoenix, Arizona 85007-2630

14 *Ana Starcevic*

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