



**STATE OF RHODE ISLAND
DEPARTMENT OF BUSINESS REGULATION
1511 PONTIAC AVENUE, BUILDING 69-2
CRANSTON, RHODE ISLAND 02920**

IN THE MATTER OF:

TERRELL GRAY

RESPONDENT.

DBR No.: 2024-IN-017

&

NPN No.: 19994471

CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation (“Department”) and Terrell Gray (“Respondent”) as follows:

1. Respondent previously held a non-resident Rhode Island insurance producer license (License# 3001474603, NPN# 19994471). Respondent’s resident Connecticut insurance producer license expired on August 31, 2024, but was reactivated by Connecticut on February 14, 2025, making him eligible again for a Rhode Island non-resident license.

2. On November 30, 2023, the Department’s Insurance Division (“Division”) received a complaint regarding Respondent and another insurance producer, Michael Hutchinson (“Producer Hutchinson”). The complaint alleged that both producers had opened life insurance policies without the consumer’s permission.

Respondent’s Fraudulent Activities

3. The Division reached out to Respondent regarding the consumer complaint and received an initial response on December 14, 2023. This response stated that Respondent had worked on this policy alongside Producer Hutchinson. He stated that



the consumers were Producer Hutchinson's clients and so they mainly communicated with Producer Hutchinson. Respondent also alleged that the consumer had been aware of the policy when it was issued.

4. On January 5, 2024, the Division reached out to the Insurance Company regarding the consumer complaint. On January 18, 2024, the Insurance Company informed the Division that both Respondent and the Producer had been terminated for cause by the Insurance Company and an investigation had been conducted where they had attempted to receive written statements from the producers but failed to do so.

5. In February 2024, during the investigation of the now revoked Producer Hutchinson, the Division became aware that Respondent had been terminated for cause by the Insurance Company due to Respondent's activities involving unauthorized sales.

6. On May 31, 2024, the Division received a copy of the Insurance Company's investigative report which confirmed that Respondent was terminated for cause from the Insurance Company because the Insurance Company had received multiple complaints regarding unauthorized sales involving Respondent.

7. The Insurance Company flagged Respondent's book of business when a consumer called regarding a withdrawal of funds. In the Insurance Company's investigative report, the Insurance Company alleges that a consumer from Cumberland, RI told the Insurance Company that they never applied for a policy, and he was unfamiliar with Respondent as he had another life insurance policy through another carrier which was purchased with a different producer.

8. The Insurance Company then reached out to other consumers in Respondent's book of business. A consumer from East Hartford, CT told the Insurance



Company she was unfamiliar with Respondent as she had purchased a life insurance policy in 2020 from a different producer. This consumer was unaware of the issuance of a new life insurance policy and did not authorize the sale.

9. The Insurance Company also spoke to another consumer from New Britain, CT who told the insurance company she had not signed up for a policy with the Insurance Company, had not met with any agents recently, and she did not know Respondent.

10. In their investigation, the Insurance Company noted that Producer Hutchinson had contacted the Insurance Company as Respondent's upline and had inquired regarding multiple policies allegedly written by Respondent.

11. On June 26, 2024, the Division reached out to Respondent again and inquired about the Insurance Company's termination for cause. The Division received its first response from Respondent on July 17, 2024. In this response, Respondent alleged that he had "never done anything unethical," but he did state that in the spring of 2023 he had issues with a previous manager of his who had neglected to renew his license and had asked Respondent "to help him write some policies under [his] codes" in order to receive payment.

12. On August 6, 2024, the Division followed up and inquired more about Respondent's arrangement with this manager, Producer Hutchinson. Respondent explained that initially he had worked with Producer Hutchinson and met with both him and the consumers virtually. If they used Respondent's Insurance Company agent code, then Respondent would pay Producer Hutchinson a portion of his commissions. Respondent stated he had



no concerns with this arrangement at the time as Producer Hutchinson was his direct manager and he trusted him.

13. When Respondent used his Insurance Company's agent code to write the policies, he would keep 10% or 15% of the commissions and then send Producer Hutchinson the rest of the commissions in accordance with their agreement, as Respondent considered these consumers to be Producer Hutchinson's clients.

14. Respondent also stated that at some point during this arrangement with Producer Hutchinson, Respondent began having issues logging into the Insurance Company's agent portal and Producer Hutchinson offered to help. Respondent then proceeded to give Producer Hutchinson his log-in information for the Insurance Company's agent portal in order to help resolve those issues.

15. The Insurance Company has informed the Division that the agent portal does show Personal Identifying Information ("PII") such as consumer names and policy numbers. Additionally, the Insurance Company shared that they have never provided "permission for one agent to share confidential information of this type with another agent."

16. Respondent stated he did not realize Producer Hutchinson was using his log-in information to write unauthorized policies until he received an email from the Insurance Company about a problem with a client for whom Producer Hutchinson had written two of the same policies. Respondent then received a call from producer Hutchinson where he allegedly said "hey I just wrote some policies up keep a look out for the commissions," and Respondent told him "I told you to let me know when you have



clients to sit with so they know who [their] actually agent not just business partner is and that's when I said stop using my login information."

17. In total, Respondent's agent code was used to submit 15 applications from which 9 policies were issued by the Insurance Company for Rhode Island consumers between June 15, 2023, and July 10, 2023.

Respondent Paid an Unlicensed Producer

18. Producer Hutchinson's license was cancelled on May 30, 2023, due to his resident state's license being inactive and was not reinstated in Rhode Island until August 31, 2023.

19. Producer Hutchinson was without an active license in his resident state from April 29, 2023, until August 22, 2023, when it was reinstated.

20. Both Respondent and Producer Hutchinson were terminated from the Insurance Company on August 17, 2023. Respondent has a commission debt which he is still in the process of paying back to the Insurance Company.

21. The Division suspended Producer Hutchinson's license on February 1, 2024, and subsequently issued a final order revoking Producer Hutchinson's license on March 8, 2024, after Producer Hutchinson failed to appear at a hearing about whether Hutchinson should be allowed to keep his license. The underlying charges against Producer Hutchinson included consumer complaints of numerous allegations of fraudulent and unauthorized activities involving Rhode Island consumers and of Producer Hutchinson's non-cooperation with the Division's investigation into those complaints.

22. During the outreach to the Insurance Company, the Division also inquired about their commission hierarchy structure. The Insurance Company explained that while these transactions were taking place the other producer as Respondent's upline would



have been receiving a portion of the commissions directly from the Insurance Company, while also receiving a portion from Respondent himself.

23. During the 115-day period of when producer Hutchinson's license was cancelled in both Rhode Island and in his resident state, Respondent's agent code was used to submit 15 applications from which 9 policies were issued and then Respondent proceeded to send substantial portions of his commissions to an unlicensed insurance producer once the policies had been issued by the Insurance Company.

24. Respondent failed to perform a reasonable amount of diligence before paying another person the bulk of the commissions earned at the demand of Producer Hutchinson. Respondent could have easily looked up Producer Hutchinson's license status on the [Department's website](#).

Respondent Failed to Safekeep Confidential Consumer Information

25. By sharing his agent portal login information with Hutchinson, Respondent failed to protect consumer information. This was both a violation of Rhode Island regulation as well as the confidentiality agreement provided in his contract with the Insurance Company. By signing the contract with the Insurance Company, Respondent agreed to maintain the confidentiality of "all customer or applicant information" and agreed to "not to use, disclose, furnish or make accessible such Confidential Information to anyone" without the appropriate prior consent. Respondent also agreed to "to maintain administrative, technical and physical safeguards to protect the security, confidentiality and integrity of the Confidential Information."

26. Instead of safekeeping private consumer information, Respondent provided his private log-in information to an unlicensed producer, information that should have been safely guarded by Respondent.



27. Respondent failed to keep his costumer's personal information safe and allowed an unlicensed producer to have access to it. Respondent also paid this producer a portion of his commissions during a time when this producer was not licensed in either Rhode Island or his resident home state of Massachusetts.

28. Respondent asserts that he was unaware of Producer Hutchinson's use of Respondent's agent code to submit fraudulent applications for consumers and does not condone such actions. Upon discovering the fraudulent activities, Respondent took steps to address the situation and has cooperated with the investigation to resolve this matter.

AUTHORITY

29. R.I. Gen. Laws § 27-2.4-14(a) provides several bases for the Department to bring an action to revoke or suspend an insurance producer's license including: "(2) Violating any insurance laws, or violating any regulation, subpoena or order of the insurance commissioner or of another state's insurance commissioner;" "(7) Having admitted or been found to have committed any insurance unfair trade practice or fraud;" "(8) relating to the use of dishonest practices or trustworthiness;" and "(12) Knowingly accepting insurance business from an individual who is not licensed."

30. R.I. Gen. Laws § 27-2.4-15(a) provides that "No insurer or insurance producer shall pay, directly or indirectly, any commission, service fee, brokerage, or other valuable consideration to any person for services as an insurance producer unless the person performing the service held a valid license regarding the class or classes of insurance as to which the service was rendered at the time the service was performed. No person, other than a person properly licensed in accordance with this chapter at the time



the person performs services as an insurance producer, shall accept any commissions, service fee, brokerage, or other valuable consideration for the services.”

31. 230-RICR-20-60-8.4 requires that licensees “shall implement a comprehensive written information security program that includes administrative, technical and physical safeguards for the protection of customer information.” And 8.5(A)(1) requires such a program to “[e]nsure the security and confidentiality of customer information.”

32. 230-RICR-20-60-7.12 limits the disclosure of non-public financial information to third parties without notice to the consumer and an opportunity to opt-out.

33. R.I. Gen. Laws § 42-14-16(a)(1) provides that after a hearing, the Department can suspend a license or issue penalties for violations of Title 27 or regulations promulgated thereunder.

THEREFORE, based on the foregoing, Respondent and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

- I. Respondent acknowledges the above referenced facts and is entering into this Consent Agreement to resolve this administrative matter concerning his insurance producer license fully and fairly.
- II. Respondent agrees to pay a fine of \$375 to the Department for the violations within thirty (30) days.
- III. Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondent knowingly and voluntarily waives any right to an administrative hearing and waive any right to pursue an



appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 et seq.

- IV. Enforcement. If Respondent fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, Respondent will be in violation hereunder and the Department shall be entitled to immediately to take enforcement or other action in accordance with applicable law.
- V. Compliance; Other Laws. Compliance with the terms of this Consent Agreement does not relieve Respondent of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

Respondent and Counsel for the Department hereby consent and agree to the foregoing the 27th day of March 2025.

Rhode Island Department of
Business Regulation
by its Legal Counsel

Terrell Gray
Respondent


Mariel R. Garcia, Esq.


Terrell Gray