



Staying InFORMed

The Texas Department of Insurance Introduces a New Form Filing for Changes of Control of Texas-Licensed Insurance Agencies

By: [Jon L. Gillum](#)

For more than a decade, the Texas Department of Insurance (TDI) has required that information on a change of control of a Texas-licensed (resident or non-resident) insurance agency be submitted on a short and ostensibly simple form. In practice, this form—popularly known as the “LHL238”—could be cumbersome and opaque for the parties involved depending on the circumstances for which the form was used. However, TDI has now officially retired the LHL238 in favor of a new form: the FIN531.

Like the previous form, FIN531 serves multiple purposes. First, the form is used to notify TDI of the addition of new officers or directors of an insurance agency pursuant to Texas Insurance Code § 4001.252—a situation which often arises outside the context of a change of ownership of the agency. Second, the form is used to notify TDI of a change of control following a merger or acquisition pursuant to Texas Insurance Code § 4001.253. Third, the form is used to notify TDI of an individual becoming “disassociated from control of the licensed TDI agency.”

FIN531 makes notable strides in addressing several issues raised by the old form. For example, the new form:

- Clarifies when fingerprints are required to be included with the form.
- Indicates that Part 2 of the form is intended to address changes of control to a “direct” owner.
- Updates statutory references in light of the recodification of the Texas Insurance Code.
- Is available on TDI’s website as a typeable/fillable PDF.

However, because one form is still used for the multiple situations described above, many of the questions surrounding the original LHL238 remain unanswered. For example:

- What is the difference between a “direct” and “indirect” change of control, and how does that distinction affect the information required by TDI and TDI’s response to the form filing?
- When must a FIN531 be submitted to TDI in the context of a merger or acquisition of a Texas-licensed agency and what are the consequences of that timing?
- Who should submit a FIN531 to TDI when an insurance agency is being sold—the seller, the buyer, or both?

As a result, parties who need to submit a new FIN531 should continue to be aware of these issues as well as TDI’s customary practices and the underlying statutory obligations that FIN531 is intended to address.

For more information on the matters discussed in this *Locke Lord QuickStudy*, please contact the author:

Jon L. Gillum | 512-305-4717 | jgillum@lockelord.com