

HealthMarkets, Inc.  
Form 4  
August 31, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

Check this box  
if no longer  
subject to  
Section 16.  
Form 4 or  
Form 5  
obligations  
may continue.  
*See Instruction*  
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF  
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

**OMB APPROVAL**

OMB  
Number: 3235-0287  
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(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**SIMPSON PEGGY G**

(Last) (First) (Middle)

9151 BOULEVARD 26

(Street)

**NORTH RICHLAND  
HILLS, TX 76180**

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading  
Symbol

**HealthMarkets, Inc. [N/A]**

3. Date of Earliest Transaction  
(Month/Day/Year)

08/30/2006

4. If Amendment, Date Original  
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_\_\_X\_\_\_\_ Officer (give title \_\_\_\_ Other (specify  
below) below)

Secretary

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_\_\_\_X\_\_\_\_ Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting  
Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
|                                       |                                         |                                                             | Code                                 | V                                                                          | Amount                                                                                                             | (D)                                                                  | Price                                                             |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of  
information contained in this form are not  
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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of<br>Derivative | 2. Conversion | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if | 4. Transaction | 5. Number | 6. Date Exercisable and<br>Expiration Date | 7. Title and Amount of<br>Underlying Securities | 8. |
|---------------------------|---------------|-----------------------------------------|----------------------------------|----------------|-----------|--------------------------------------------|-------------------------------------------------|----|
|---------------------------|---------------|-----------------------------------------|----------------------------------|----------------|-----------|--------------------------------------------|-------------------------------------------------|----|

## Edgar Filing: HealthMarkets, Inc. - Form 4

| Security<br>(Instr. 3) | or Exercise<br>Price of<br>Derivative<br>Security | any<br>(Month/Day/Year) | Code<br>(Instr. 8) | Derivative<br>Securities<br>Acquired<br>(A) or<br>Disposed<br>of (D)<br>(Instr. 3, 4,<br>and 5) | (Month/Day/Year) |     | (Instr. 3 and 4)      |                    |                              |                                        |
|------------------------|---------------------------------------------------|-------------------------|--------------------|-------------------------------------------------------------------------------------------------|------------------|-----|-----------------------|--------------------|------------------------------|----------------------------------------|
|                        |                                                   |                         | Code               | V                                                                                               | (A)              | (D) | Date Exercisable      | Expiration<br>Date | Title                        | Amount<br>or<br>Number<br>of<br>Shares |
| Stock<br>Option        | \$ 0 <u>(1)</u>                                   | 08/30/2006              | A                  |                                                                                                 | 500              |     | 08/30/2007 <u>(2)</u> | 08/30/2016         | Class A-1<br>Common<br>Stock | 500                                    |
| Stock<br>Option        | \$ 38.37                                          | 08/30/2006              | A                  |                                                                                                 | 500              |     | 08/30/2007 <u>(3)</u> | 08/30/2016         | Class A-1<br>Common<br>Stock | 500                                    |

## Reporting Owners

| Reporting Owner Name / Address                                         | Relationships |           |           |       |
|------------------------------------------------------------------------|---------------|-----------|-----------|-------|
|                                                                        | Director      | 10% Owner | Officer   | Other |
| SIMPSON PEGGY G<br>9151 BOULEVARD 26<br>NORTH RICHLAND HILLS, TX 76180 |               |           | Secretary |       |

## Signatures

/s/ Peggy G.  
Simpson

08/31/2006

Signature of \_\_\_\_\_ Date \_\_\_\_\_  
Reporting Person

### Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The initial exercise price of the option is \$38.37. The exercise price of the option will accrete by 10% per year, starting on August 30, 2008. If the optionee exercises the option prior to August 30, 2008, the exercise price will be \$38.37. If the optionee exercises the option on or after August 30, 2008 but prior to August 30, 2009, the exercise price will be \$42.21. If the optionee exercises the option on or after August 30, 2009 but prior to August 30, 2010, the exercise price will be \$46.43. If the optionee exercises the option on or after August 30, 2010 but prior to August 30, 2011, the exercise price will be \$51.07. If the optionee exercises the option on or after August 30, 2011, the exercise price will be \$56.18.
- (2) The options vest in different increments on each of the first five anniversaries of August 30, 2006. Twenty-five percent of the options vest on August 30, 2007. Twenty-five percent of the options vest on August 30, 2008. Seventeen percent of the options vest on August 30, 2009. Seventeen percent of the options vest on August 30, 2010. The remaining sixteen percent of the options vest on August 30, 2011.
- (3) The options vest in 20% increments on each of the first, second, third, fourth and fifth anniversaries of August 30, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.