

HealthMarkets, Inc.  
Form 4  
August 31, 2006

**FORM 4**

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

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
COLLIFLOWER MICHAEL

(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 below) \_\_\_ Other (specify below)  
Executive Vice President

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

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

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

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| Security<br>(Instr. 3) | or Exercise<br>Price of<br>Derivative<br>Security | any<br>(Month/Day/Year) | Code<br>(Instr. 8) | Securities<br>Acquired<br>(A) or<br>Disposed of<br>(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 <sup>(1)</sup>                               | 08/30/2006              | A                  | 3,500   | 08/30/2007 <sup>(2)</sup> | 08/30/2016       |   |     |     |                  |                    | Class A-1<br>Common<br>Stock | 3,500                                  |
| Stock<br>Option        | \$ 38.37  | 08/30/2006              | A                  | 3,500   | 08/30/2007 <sup>(3)</sup> | 08/30/2016       |   |     |     |                  |                    | Class A-1<br>Common<br>Stock | 3,500                                  |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                          |       |
|--|---------------|-----------|--------------------------|-------|
|  | Director      | 10% Owner | Officer                  | Other |
| COLLIFLOWER MICHAEL<br>9151 BOULEVARD 26<br>NORTH RICHLAND HILLS, TX 76180 |               |           | Executive Vice President |       |

## Signatures

Michael A. Colliflower By Peggy G. Simpson, 08/31/2006  
POA

\*\*Signature of Reporting Person Date

## 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.

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