

AMERICAN MEDICAL SECURITY GROUP INC
Form DEFA14A
September 15, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(RULE 14A-101)

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. __)

Filed by the Registrant |
Filed by a Party other than the Registrant |

Check appropriate box:

| Preliminary Proxy Statement
 | Confidential, For Use of the Commission Only (as permitted
by Rule 14a-6(e)(2))
 | Definitive Proxy Statement
 | Definitive Additional Materials
 | Soliciting Material under Rule 14a-12

AMERICAN MEDICAL SECURITY GROUP, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (Check the appropriate box):

| No fee required.

| Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11. (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

| Fee paid previously with preliminary materials:

| Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Filed by: American Medical Security Group, Inc.
Pursuant to Rule 14a-12
under the Securities Exchange Act of 1934

Subject Company: American Medical Security Group, Inc.
Commission File No. 1-13154

On September 15, 2004, American Medical Security Group, Inc. posted the following letter on the company's intranet for employee communications and sent the letter by electronic mail to its employees:

September 15, 2004

Dear AMS Employees:

By now you're aware of the milestone merger agreement jointly announced by AMS and PacifiCare early this morning. Because my schedule will not allow me to immediately share my perspective on this merger with you in person, this letter will provide some initial thoughts until we can schedule a State of the Company meeting within the next few days.

First of all, PacifiCare Health Systems is a Fortune-200 company based in Cypress, California, and one of the nation's largest consumer health organizations. Led by Chairman and CEO, Howie Phanstiel, PacifiCare operates primarily within eight western states and Guam, and has more than three million health plan members and approximately nine million specialty plan members nationwide. With more than \$12 billion in revenues, PacifiCare offers individuals, employers and Medicare beneficiaries a variety of consumer-driven health care and life insurance products.

It's my view that this is a compelling strategic business combination that over time will benefit customers, employees and other key constituencies. Consider these factors:

- |X| In a period of industry consolidation, scale has become an increasingly important competitive advantage. This merger will create a combined company with greater breadth in terms of membership, operations, networks and management expertise.
- |X| PacifiCare has an announced strategy to expand its individual and small group businesses - markets where we have long-standing expertise.
- |X| On a state-by-state basis, our markets are very complementary, with minimal overlap.
- |X| Both organizations have invested in strong service models and are committed to tight operational discipline.
- |X| PacifiCare has a broad range of products that may allow us in time to expand the health benefit products we distribute.

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Most importantly, PacifiCare has done a detailed analysis of our business. With that background, they have shared with me plans to keep the AMS organization intact and to establish our Green Bay operations as a platform for continued growth in the individual and small group business.

Along with members of my management team, I have agreed to continue to run this business for PacifiCare. In addition, the CEO of PacifiCare and I have already discussed plans to expand our operations here.

At this early juncture, there are far more questions than answers. The two companies will now work to close our transaction and join forces as PacifiCare by the end of the year or early next. During that process, you can rest assured that we will be diligent in keeping you informed about the merger process and what it means for employees.

In the meantime, please approach your jobs on a "business as usual" basis. Understand that the best way you can contribute to the success of this exciting new partnership is by continuing to perform your day-to-day job activities at the highest possible level. That's something we've become accustomed to in this organization.

You have my sincerest thanks for your past and future support.

/s/ Sam Miller
Sam Miller
AMS Chairman, President & Chief Executive Officer

PacifiCare Health Systems and American Medical Security Group and their respective officers and directors may be deemed to be participants in the solicitation of proxies from shareholders of American Medical Security Group, Inc. with respect to the transactions contemplated by the merger agreement between PacifiCare and American Medical Security Group. Information regarding the companies' officers and directors is included in their respective definitive proxy statements for their 2004 annual meetings of stockholders filed with the Securities and Exchange Commission in April 2004. These documents are available free of charge at the Securities and Exchange Commission web site at www.sec.gov, from PacifiCare at pacificare.com and from AMS at eAMS.com. Investors and security holders may obtain more detailed information about who may be deemed participants in the solicitation of proxies by reading the AMS proxy statement when it becomes available.

Furthermore, investors and security holders of American Medical Security Group are urged to read American Medical Security Group's proxy statement regarding the proposed merger when it becomes available. It will contain important information about the merger and the transactions contemplated by the merger agreement. Investors and securities holders of American Medical Security Group may obtain a free copy of American Medical Security Group's proxy statement when it is available and other documents filed with the Securities and Exchange Commission at the Commission's web site at www.sec.gov. American Medical Security Group's proxy statement and these other documents may also be obtained for free from American Medical Security Group at eAMS.com.