

HealthMarkets, Inc.  
Form 4  
July 07, 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 \*  
MCQUAGGE TROY A

(Last) (First) (Middle)  
536 SILICON DRIVE, SUITE 100  
  
(Street)

SOUTHLAKE, TX 76092

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
HealthMarkets, Inc. [N/A]

3. Date of Earliest Transaction  
(Month/Day/Year)  
04/11/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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 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 Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Security (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		(A) or Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount or Number of Shares
			Code	V	(A)	(D)				
Stock Option	\$ 11.4	04/11/2006	D <sup>(1)</sup>			4,000	12/08/2002	01/07/2007	Class A-1 Common Stock	4,000
Stock Option	\$ 9.25	04/11/2006	A <sup>(1)</sup>		3,690		12/08/2002	01/07/2007	Class A-1 Common Stock	3,690
Stock Option	\$ 11.5	04/11/2006	D <sup>(2)</sup>			30,000	02/12/2004	03/13/2008	Class A-1 Common Stock	30,000
Stock Option	\$ 9.25	04/11/2006	A <sup>(2)</sup>		27,568		02/12/2004	03/13/2008	Class A-1 Common Stock	27,568
Stock Option	\$ 30.75	04/11/2006	D <sup>(3)</sup>			60,000	03/16/2006	06/14/2010	Class A-1 Common Stock	60,000
Stock Option	\$ 9.25	04/11/2006	A <sup>(3)</sup>		13,514		03/16/2006	06/14/2010	Class A-1 Common Stock	13,514

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCQUAGGE TROY A 536 SILICON DRIVE SUITE 100 SOUTHLAKE, TX 76092				Division Manager

## Signatures

Troy A. McQuagge By /s/ Peggy G. Simpson,  
POA

07/07/2006

\_\_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 two reported transactions involved an amendment to an outstanding option, resulting in the deemed cancellation of the "old" option and the grant of a replacement option. The exercise price of the original option (\$11.40) and the number of Class A-1 common shares issuable upon exercise of such option (4,000) were adjusted in a manner that preserves the aggregate "in the money" value of the option.

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The option otherwise remains subject in all respects to the terms of the 1987 Restated and Amended Stock Option Plan.

- (2) The two reported transactions involved an amendment to an outstanding option, resulting in the deemed cancellation of the "old" option and the grant of a replacement option. The exercise price of the original option (\$11.50) and the number of Class A-1 common shares issuable upon exercise of such option (30,000) were adjusted in a manner that preserves the aggregate "in the money" value of the option. The option otherwise remains subject in all respects to the terms of the 1987 Restated and Amended Stock Option Plan.

- (3) The two reported transactions involved an amendment to an outstanding option, resulting in the deemed cancellation of the "old" option and the grant of a replacement option. The exercise price of the original option (\$30.75) and the number of Class A-1 common shares issuable upon exercise of such option (60,000) were adjusted in a manner that preserves the aggregate "in the money" value of the option. The option otherwise remains subject in all respects to the terms of the 1987 Restated and Amended Stock Option Plan.

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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