

MCQUAGGE TROY A

Form 4

March 17, 2008

**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  
Expires: January 31,  
2005  
Estimated average  
burden hours per  
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
MCQUAGGE TROY A

(Last) (First) (Middle)

7651 ESTERS BLVD., SUITE 150

(Street)

IRVING, TX 75063

(City) (State) (Zip)

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
03/13/2008

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<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  
required to respond unless the form  
displays a currently valid OMB control  
number.**

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

# Edgar Filing: MCQUAGGE TROY A - Form 4

| (Instr. 3)      | Price of<br>Derivative<br>Security | (Month/Day/Year) | (Instr. 8) | Acquired<br>(A) or<br>Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) |              |     |                     |                    |                              |                                     |
|-----------------|------------------------------------|------------------|------------|---------------------------------------------------------------------|--------------|-----|---------------------|--------------------|------------------------------|-------------------------------------|
|                 |                                    |                  | Code       | V                                                                   | (A)          | (D) | Date<br>Exercisable | Expiration<br>Date | Title                        | Amount<br>or<br>Number<br>of Shares |
| Stock<br>Option | \$ 26.49                           | 03/13/2008       | A          |                                                                     | 6,082<br>(1) |     | 06/26/2007          | 06/26/2016         | Class A-1<br>Common<br>Stock | 6,082                               |
| Stock<br>Option | \$ 7.34 (2)                        |                  |            |                                                                     |              |     | 03/16/2006          | 06/14/2010         | Class A-1<br>Common<br>Stock | 17,045<br>(2)                       |

## Reporting Owners

| Reporting Owner Name / Address                                        | Relationships |           |         |                     |
|-----------------------------------------------------------------------|---------------|-----------|---------|---------------------|
|                                                                       | Director      | 10% Owner | Officer | Other               |
| MCQUAGGE TROY A<br>7651 ESTERS BLVD.<br>SUITE 150<br>IRVING, TX 75063 |               |           |         | Division<br>Manager |

## Signatures

Troy A. McQuagge By /s/ Peggy G. Simpson,  
POA 03/17/2008

\_\_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).

- On June 26, 2006, the Compensation Committee of the Issuer approved a grant to the reporting person of an option to purchase 48,667 shares of Class A-1 Common Stock, which would vest based on the Issuer's satisfaction of certain performance criteria, as follows: (i) 25% on the first anniversary of the grant date, (ii) 25% on the second anniversary of the grant date, (iii) 17% on the third anniversary of the grant date, (iv) 17% on the fourth anniversary of the grant date, and (v) the remaining 16% on the fifth anniversary of the grant date.
- (1) On March 13, 2008, the Issuer determined that the performance criteria for the second 25% had been met to the extent of 50%, or 12.5%, which will result in vesting of the option as to 6,082 shares on June 26, 2008, subject to the reporting person's continued employment as of such date.
- (2) This option was previously reported as covering 13,514 shares at an exercise price of \$9.25 per share, but, in accordance with the 1987 Amended and Restated Stock Option Plan, was adjusted to reflect an extraordinary dividend paid on May 14, 2007.

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.