HealthMarkets, Inc. Form 4 August 31, 2006

FORM 4

OMB APPROVAL

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16. Form 4 or

January 31, Expires: 2005

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

Estimated average burden hours per response... 0.5

Form 5 obligations may continue. See Instruction

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading **GEDWED WILLIAM J** Issuer Symbol HealthMarkets, Inc. [N/A] (Check all applicable) (First) (Middle) (Last) 3. Date of Earliest Transaction (Month/Day/Year) _X__ Director 10% Owner X_ Officer (give title _ __Other (specify 9151 BOULEVARD 26 08/31/2006 below) President & CEO (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting NORTH RICHLAND Person

HILLS, TX 76180

(City)

(State)	Table	e I - Non-Do	erivative (Securi	ties Acq	uired, Disposed o	of, or Beneficial	ly Owned
2. Transaction Date	2A. Deemed	3.	4. Securi	ties A	cquired	5. Amount of	6. Ownership	7. Nature of
(Month/Day/Year)	Execution Date, if	Transactio	n(A) or D	isposed	d of	Securities	Form: Direct	Indirect
	any	Code	(D)			Beneficially	(D) or	Beneficial
	(Month/Day/Year)	(Instr. 8)	(Instr. 3,	4 and	5)	Owned	Indirect (I)	Ownership
						Following	(Instr. 4)	(Instr. 4)
				(A)		Reported		
						Transaction(s)		
		Code V	Amount		Price	(Instr. 3 and 4)		
					ф			
08/31/2006		M	123	A	\$ 9.25	56,347.32	D	
	2. Transaction Date (Month/Day/Year)	2. Transaction Date 2A. Deemed (Month/Day/Year) Execution Date, if any (Month/Day/Year)	2. Transaction Date 2A. Deemed 3. (Month/Day/Year) Execution Date, if any Code (Month/Day/Year) (Instr. 8)	2. Transaction Date (Month/Day/Year) Execution Date, if any Code (D) (Month/Day/Year) (Month/Day/Year) (Instr. 8) (Instr. 3,	2. Transaction Date 2A. Deemed 3. 4. Securities Ad. (Month/Day/Year) Execution Date, if any Code (D) (Month/Day/Year) (Instr. 8) (Instr. 3, 4 and (A) or Code V Amount (D)	2. Transaction Date (Month/Day/Year) Execution Date, if any (Month/Day/Year) (Month/Day/Year) (Month/Day/Year) Execution Date, if any (Code (D) (Instr. 8) (Instr. 3, 4 and 5) (A) or Code V Amount (D) Price	2. Transaction Date (Month/Day/Year) Execution Date, if any (Month/Day/Year) (Month/Day/Year) (Month/Day/Year) (Month/Day/Year) (Instr. 8) (Instr. 3, 4 and 5) (Instr. 3 and 4) Code V Amount (D) Price (S. Amount of Securities Acquired, Disposed of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	2. Transaction Date (Month/Day/Year) Execution Date, if any (Instr. 8) (Instr. 3, 4 and 5) (Instr. 4) (Instr. 4) (Instr. 4) (Instr. 4) (Instr. 3 and 4) (Instr. 3 and 4)

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transacti Code (Instr. 8)	5. Number of of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. P Der Sec (Ins
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option	\$ 9.25	08/31/2006		M	123	08/03/2002	09/02/2006	Class A-1 Common Stock	123	\$

Reporting Owners

Reporting Owner Name / Address	Relationships					
1 8	Director	10% Owner	Officer	Other		
GEDWED WILLIAM J 9151 BOULEVARD 26 NORTH RICHLAND HILLS, TX 76180	X		President & CEO			

Signatures

William J. Gedwed By Peggy G. Simpson, POA 08/31/2006

**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).

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.

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