

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.

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 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 (Instr. 3) | or Exercise Price of Derivative Security | any (Month/Day/Year) | Code (Instr. 8) | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Month/Day/Year) | (Instr. 3 and 4) | | | | | |
|------------------------|---|-------------------------|--------------------|---|------------------|------------------|---------------------------|--------------------|------------------------------|--|--|
| | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | |
| Stock Option | \$ 0 ⁽¹⁾ | 08/30/2006 | A | | 3,500 | | 08/30/2007 ⁽²⁾ | 08/30/2016 | Class A-1 Common Stock | 3,500 | |
| Stock Option | \$ 38.37 | 08/30/2006 | A | | 3,500 | | 08/30/2007 ⁽³⁾ | 08/30/2016 | Class A-1 Common Stock | 3,500 | |

Reporting Owners

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

Signatures

Michael A. Colliflower 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).
- (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. 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.