

MCQUAGGE TROY A  
Form 4  
March 17, 2008

**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

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
7651 ESTERS BLVD., SUITE 150

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

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

(Street)  
IRVING, TX 75063

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**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.

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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 | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|

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| (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><u>(1)</u> |     | 06/26/2007          | 06/26/2016         | Class A-1<br>Common<br>Stock | 6,082                               |
| Stock<br>Option | \$ 7.34 <u>(2)</u>                 |                  |            |                                                                     |      |   |                     |     | 03/16/2006          | 06/14/2010         | Class A-1<br>Common<br>Stock | 17,045<br><u>(2)</u>                |

## 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. 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.
- (1) 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.