

HealthMarkets, Inc.  
Form 4  
October 16, 2008

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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 \*  
**CHANDRA ANURAG**

(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)  
**10/15/2008**

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 below) \_\_\_ Other (specify below)  
**EVP & Chief Administrative Off**

6. Individual or Joint/Group Filing (Check Applicable Line)  
 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.

**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	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 <sup>(1)</sup>	10/15/2008	A		75,000		10/15/2009 <sup>(2)</sup>	10/15/2019	Class A-1 Common Stock	75,000	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CHANDRA ANURAG 9151 BOULEVARD 26 NORTH RICHLAND HILLS, TX 76180			EVP & Chief Administrative Off	

## Signatures

Anurag Chandra By: /s/ Peggy G. Simpson,  
POA 10/16/2008

\*\*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).
- (1) (a) 62,500 of the Shares subject to the Option (the "Time-Based Tranche A Options") may be purchased at a price (the "Initial Option Price") equal to the Fair Market Value of the Company's Class A-1 Common Stock as determined by the Board of Directors to be effective for the quarter ending December 31, 2008; (b) 12,500 of the Shares subject to the Option (the "Time-Based Tranche B Options") may be purchased at the Initial Option Price per Share, if Optionee exercises the Option to purchase prior to the first anniversary of the grant date of October 15, 2008 (the "Effective Date") and will accrete thereafter by 10% per year, on and after the first anniversary date through the fifth anniversary date of the Effective Date if not exercised prior to an applicable anniversary date.
- The Time-Based Options shall become exercisable (i.e. vested) with respect to 20% of the Time-Based Options (15,000 Shares) on the first anniversary of the Effective Date and the remainder of the Time-Based Options (60,000 Shares) shall vest in equal quarterly
- (2) installments thereafter until the fifth anniversary of the Effective Date, in each case, subject to Optionee's remaining in the continuous employ of the Company or any Subsidiary through the applicable vesting date (such vesting schedule, the "Time-Vesting Schedule"); provided that the Time-Based Options shall become fully exercisable upon a Change of Control.

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.