

May 14, 2013

New Hampshire Department of Justice
Office of the Attorney General
33 Capitol Street
Concord, NH 03301

RE: Notice of Breach of Security per N.H. Rev. Stat. §359-C:20

Dear Sir or Madame:

Recently HealthMarkets, Inc. subsidiaries became aware of an inadvertent distribution of personal non-public information maintained by our subsidiaries. Upon notification of the error, we performed an investigation to determine the amount and content of information that was released and the parties who were involved. The personal information that was included in the electronic communication included a list of agents' names, addresses, social security numbers, date of birth and some financial information. Our investigation included interviews with employees and inspection of all affected electronic records.

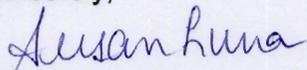
After the investigation was completed, we determined that the personal information of 58 New Hampshire residents was provided via an unencrypted electronic communication (email) to a third party (individual). We have concluded that this breach involved an isolated incident. The employee who sent the email in error has been coached. We have also contacted the third party recipient and requested that she delete and/or destroy the material. At the present time we have no evidence that this data has been used by the recipient-in-error.

Additionally, since the notification and investigation of the breach, we have taken steps to review our practices regarding the internal and external distribution of sensitive personal data.

Notices to the affected New Hampshire residents will be distributed via first class U. S. mail the week of May 13, 2013. A sample is attached for your reference.

Please contact me at Susan.Luna@HealthMarkets.com or at 817-255-3188 should you have any questions.

Sincerely,



Susan A. Luna
Senior Director & Privacy Official
Corporate Compliance

SAL/ts

[Date]

«first_name» «last_name»
«address_1»
«city», «state» «zip_code»

Re: Notice of Breach in the Security of Personal Information

Dear «first_last name»:

We are writing to you because of a recent security incident that occurred on April 25th, 2013 at the offices of HealthMarkets, Inc. and its subsidiaries in North Richland Hills, Texas 76180 ("HealthMarkets").

Your name, address, birth date and social security number were inadvertently sent to an unintended recipient. HealthMarkets has contacted the recipient and has requested that the information be destroyed.

To protect yourself from the possibility of identity theft, we recommend that you immediately place a fraud alert on your credit files. A fraud alert lets creditors know that they should contact you before opening new accounts in your name. Just call any one of the three credit reporting agencies at the appropriate number below. This will let you automatically place fraud alerts with all the three agencies. You will then receive letters from all of them, with instructions on how to get a new copy of your credit report from each agency.

Experian 888-397-3742
Equifax 800-525-6285
TransUnion 800-680-7289

When you receive your three credit reports, review them very carefully. Look for accounts you did not open. Look for inquiries from creditors that you did not initiate. Look for personal information, such as home address and social security number, which is not accurate. If you see anything you do not understand, call the credit reporting agency at the telephone number on the report.

If you do find suspicious activity on your credit reports, call your local police or sheriff's office and file a police report of identity theft, or if appropriate, give your contact information to the law enforcement agency investigating the incident report for you. Please make sure that you get a copy of the police report. You may need to give copies of the police report to creditors to clear up your records.

Even if you do not find any signs of fraud on your reports, we recommend that you check your credit report every three months for the next year. Just call one of the numbers above to order your credit reports and keep the fraud alert in place.

We suggest that you also monitor your credit card and bank account statements to make sure that there have not been any unauthorized transactions on your accounts.

For more information on identity theft, we suggest that you visit the website of your state's office of privacy protection and/or the Federal Trade Commission at www.consumer.gov/idtheft.

HealthMarkets is willing to pay for a credit monitoring service for you for the next twelve months, if requested.

Please contact our Privacy Official, Corporate Compliance, HealthMarkets, Inc. at 9151 Boulevard 26, North Richland Hills, Texas 76180 or by e-mail at PrivacyOfficial@HealthMarkets.com if you have questions or need assistance with this matter.

Yours truly,

Privacy Official
Corporate Compliance

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DEPT OF JUSTICE
STATE OF NH