

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
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Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
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UICI

(Name of Registrant as Specified In Its Charter)

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 19, 2004

The Annual Meeting of the Stockholders of UICI (the Company), a Delaware corporation, will be held at the Harvey Hotel DFW Airport, 4545 West John Carpenter Freeway, Irving, Texas 75063 on Wednesday, May 19, 2004, at 10:00 a.m., Central Daylight Time.

At the Annual Meeting, you will be asked to:

elect seven (7) directors of the Company to hold office until the next annual meeting of stockholders and until their respective successors are chosen and qualified.

approve the UICI Agency Matching Total Ownership Plan and the UICI Agency Matching Total Ownership Plan II, which have been established for the benefit of the independent insurance agents and independent sales representatives associated with UGA-Association Field Services and New United Agency, Inc.

approve the UICI Matching Agency Contribution Plan I and UICI Matching Agency Contribution Plan II, which have been established for the benefit of the independent insurance agents and independent sales representatives associated with Cornerstone America.

ratify the appointment of KPMG LLP as independent auditors to audit the accounts of the Company for the fiscal year ending December 31, 2004.

consider such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors has fixed March 29, 2004 as the record date for the meeting. Holders of the Company's Common Stock of record at the close of business on such date will be entitled to notice of and to vote at such meeting or any adjournment thereof. A list of such stockholders will be available, as required by law, at our principal offices at 9151 Grapevine Highway, North Richland Hills, Texas. The stock transfer books will not be closed.

We will supply, upon written request and without charge, a copy of our Annual Report on Form 10-K for the year ended December 31, 2003 as filed with the Securities and Exchange Commission. Requests for the Annual Report should be directed to Investor Relations, UICI, 9151 Grapevine Highway, North Richland Hills, Texas 76180-5605.

All stockholders are cordially invited to attend the meeting. It is important that your shares be represented and voted whether or not you plan to attend the Annual Meeting in person. You may vote in person, on the Internet, by telephone, or by completing and mailing the enclosed proxy card. Voting over the Internet, by telephone or by written proxy will ensure your shares are represented at the Annual Meeting. Please review the instructions on the proxy card or the information forwarded by your bank, broker or other holder of record regarding these voting options.

By Order of the Board of Directors

Peggy G. Simpson
Secretary

Date: April 16, 2004

UICI, 9151 Grapevine Highway, North Richland Hills, Texas 76180-5605

UICI

9151 Grapevine Highway
North Richland Hills, Texas 76180-5605

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS To Be Held May 19, 2004

This proxy statement and the accompanying proxy card are being furnished in connection with the solicitation of proxies by the Board of Directors of UICI, a Delaware corporation (*UICI*, the *Company* or *we*), from holders of our outstanding shares of Common Stock, par value \$0.01 per share (the *Common Stock*), for the Annual Meeting of Stockholders to be held on Wednesday, May 19, 2004, for the purposes set forth in the accompanying notice (the *Annual Meeting*). The Board of Directors does not know of any other matters to be presented at the meeting, but, if any other matters are properly presented to the meeting for action, the persons named in the accompanying proxy will vote upon such matters in accordance with their best judgment. We will bear the costs of soliciting proxies from our stockholders. In addition to soliciting proxies by mail, our directors, officers and employees, without receiving additional compensation therefor, may solicit proxies by telephone, by telegram or in person. Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of Common Stock held of record by such persons, and we will reimburse such brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection therewith.

Our Common Stock trades on The New York Stock Exchange under the symbol: UCI. This proxy statement is being mailed on or about April 16, 2004 to stockholders of record at the close of business on March 29, 2004, who are the only stockholders entitled to receive notice of and to vote at the meeting. At March 29, 2004 we had outstanding 46,303,337 shares of Common Stock. A quorum of stockholders is necessary to take action at the Annual Meeting. A majority of the outstanding shares of Common Stock, represented in person or by proxy, will constitute a quorum. Each share of the outstanding Common Stock is entitled to one vote. The affirmative vote of the holders of a majority of the total voting power present in person or by proxy and entitled to vote at the Annual Meeting is required to elect directors and ratify or approve the other items being voted on at this time. Abstentions will have the same effect as votes against the proposals, although abstentions will count toward the presence of a quorum.

Your vote is important. You can vote in one of four ways: (1) in person by casting your vote in person at the Annual Meeting, (2) by mail by marking, signing and dating the enclosed proxy card, and returning it promptly in the enclosed postage-paid envelope, (3) on the Internet by visiting the website indicated on the enclosed proxy card, or (4) by telephone by using the toll-free number indicated on the enclosed proxy card.

The Internet voting procedure is designed to authenticate stockholder identities, to allow stockholders to give voting instructions, and to confirm that stockholders' instructions have been recorded properly. Stockholders voting by internet should be aware that there may be costs associated with electronic access, such as usage charges from internet access and telephone or cable service providers, that must be borne by the stockholder. If you choose to vote on the Internet, you will be offered the option to receive future annual meeting materials electronically through the Internet, which is cost-effective for us. We hope the convenience and cost savings of voting by computer will attract you. A sizable electronic turnout would save us significant return-postage fees.

We are pleased to announce that we will broadcast the annual meeting live on-line (listen only) at www.uici.net for stockholders unable to attend in person. The replay of the Webcast will be available for thirty (30) days following the meeting.

A proxy may be revoked at any time before its exercise (i) by notifying UICI in writing at 9151 Grapevine Highway, North Richland Hills, Texas 76180-5605, Attention: Secretary; (ii) by completing a later-dated proxy and returning it to UICI; or (iii) by appearing at the Annual Meeting in person and revoking the proxy orally by notifying the Secretary before the vote takes place. Properly executed proxies will, unless such proxies have been revoked, be voted in the manner specified in the proxies. If no instructions are indicated, such shares will be voted **FOR** the election of the seven (7) directors, **FOR** the approval of the UGA Agent Matching Stock Plans, **FOR** the approval of the Cornerstone Agent Matching Stock Plans, and **FOR** the ratification of KPMG LLP as our independent auditors for 2004.

1. ELECTION OF DIRECTORS

The Board of Directors (the Board) has fixed the number of directors for the ensuing year at seven (7). The Nominating & Governance Committee of the Board has nominated Messrs. Ronald L. Jensen, William J. Gedwed, Glenn W. Reed, Richard T. Mockler, Mural R. Josephson, R.H. Mick Thompson and Dennis C. McCuiston for election as directors at the 2004 Annual Meeting of Stockholders. At the meeting, it is intended that such number of directors will be elected to hold office until the next Annual Meeting of Stockholders and until their respective successors are chosen and qualified. It is intended that the proxies will be voted to elect as directors the nominees listed above. All of the nominees (other than Mr. McCuiston) are currently directors of the Company. Although the Board does not anticipate that any of such nominees will be unable to serve as a director, in the event of such occurrence, the proxy holders shall have the right to vote for such substitute, if any, as the present Board may designate. The Nominating & Governance Committee of the Board has not received any recommendations from any of the Company's stockholders in connection with the 2004 Annual Meeting. The Company has not engaged a third party search firm to help identify Board nominees.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION AS DIRECTORS OF EACH OF THE NOMINEES LISTED ABOVE

NOMINEES FOR DIRECTOR

Set forth below is a biographical summary of the experience of each of the nominees for director:

Ronald L. Jensen (age 73) has served as Chairman of the Board of Directors of the Company and its predecessor company since December 1983. Mr. Jensen served as President and Chief Executive Officer (CEO) of the Company in 1993 and 1994 and from September 1997 to January 1999. Mr. Jensen serves on the Executive and Management Operating Committees of the Board of Directors.

William J. Gedwed (age 48) has served as a director of the Company since June 2000 and as President and Chief Executive Officer since July 1, 2003. He serves on the Executive, Nominating & Governance, Investment and Management Operating Committees of the Board of Directors. Mr. Gedwed served as Vice President of the Company from August 1999 until May 2000 and as Executive Vice President of the Company from May 2000 until December 31, 2000, when he resigned to become President and CEO of NMC Holdings, Inc. where he served in such capacity until May 2002. Mr. Gedwed has served as a Director of NMC Holdings, Inc. since July 2000. He also served as Chairman, President and CEO of National Motor Club of America, Inc. from January 2001 until May 2002. From May 2002 until January 2003, Mr. Gedwed served as Chairman of National Motor Club and currently serves as a Director. From July 2002 until July 2003, Mr. Gedwed served as President and CEO of Landen Bias Corporation (d/b/a Coach-Net) and served as a Director from July 2002 until March 2004. Mr. Gedwed also served as a Director and President and CEO of DirectoryNET, LLC from February 2002 until June 2003. Mr. Gedwed also currently serves as Chairman and Director of The MEGA Life and Health Insurance Company, Mid-West National Life Insurance Company of Tennessee, The Chesapeake Life Insurance Company and Fidelity First Insurance Company (subsidiaries of the Company).

Glenn W. Reed (age 51) has served as a director of the Company since May 2001 and as Executive Vice President and General Counsel of the Company since July 1999. Mr. Reed serves on the Executive, Privacy

and Management Operating Committees of the Board. Mr. Reed also serves as a director and Vice President of The MEGA Life and Health Insurance Company, Mid-West National Life Insurance Company of Tennessee, The Chesapeake Life Insurance Company and Fidelity First Insurance Company. Prior to joining the Company, Mr. Reed was a partner in the Chicago, Illinois law firm of Gardner, Carton & Douglas. He has served as a director of The Pepper Companies, Inc. (a Chicago-based general contractor) since 1990, as a director of Peoples Bancorp, Inc. (a bank holding company located in Arlington Heights, Illinois) since 1999 and as a director of Assistive Technology Group, Inc. (a provider of assistive and rehabilitative systems, medical products and supplies) since 2002.

Richard T. Mockler (age 66) has served as a director of the Company since 1991. Mr. Mockler is a member of the Audit and Nominating & Governance Committees of the Board of Directors. Mr. Mockler retired as a partner with Ernst & Young LLP in 1989 after 27 years with the firm. Mr. Mockler has served as a member of the Board of Directors of Georgetown Rail Equipment Company since 1994 and as Treasurer since October 1996.

Mural R. Josephson (age 55) has been a director since May 2003 and is a member of the Audit Committee of the Board. Following his retirement as Senior Vice President and Chief Financial Officer of Lumbermens Mutual Casualty Company (the lead company of Kemper Insurance Companies) in October 2002, Mr. Josephson has served as a consultant to various financial institutions. In July 1998, Mr. Josephson retired as a partner with KPMG LLP after 28 years with the firm. Mr. Josephson is a licensed Certified Public Accountant in the State of Illinois, and is a member of the American Institute of Certified Public Accountants. He has served as a director and Treasurer of Omni Youth Services (Buffalo Grove, Illinois) since October 2003 and as a director of SeaBright Insurance Company (formerly Kemper Employers Insurance Company), since February 2004.

R.H. Mick Thompson (age 57) has been a director of the Company since November 2003. Mr. Thompson is a member of the Executive Compensation and Nominating & Governance Committees of the Board. Mr. Thompson has served as the Oklahoma Bank Commissioner since September 1, 1992. In May 2003, Mr. Thompson was elected Chairman of the Conference of State Bank Supervisors (CSBS), and currently serves on the CSBS Legislative Committee. Mr. Thompson also serves as an Advisor to the Board of Trustees of the Graduate School of Banking, University of Colorado in Boulder.

Dennis C. McCuiston (age 61), director-nominee, is President of McCuiston & Associates, Inc. (an Irving, Texas based firm providing management consulting services to financial institutions and other businesses). Mr. McCuiston, a former bank CEO, is a prolific author on business topics and is the host and executive producer of *McCuiston*, a television program regularly airing on PBS affiliates since 1989. Mr. McCuiston has served as a director of Affiliated Computer Services, Inc. (a publicly held company that provides business process outsourcing and information technology outsourcing solutions to commercial and government clients) since September 2003. Mr. McCuiston has been appointed to serve as Lead Independent Director on the Board of Directors (*see* discussion below), and it is anticipated that he will be appointed to serve on the Audit, Nominating & Governance and Executive Compensation Committees of the Board.

Certain affiliations exist between us and certain directors and nominees. *See* COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION; CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Stuart D. Bilton and Thomas P. Cooper, M.D. (current directors of the Company) will not stand for reelection to the Board at the 2004 Annual Meeting. Neither Mr. Bilton nor Dr. Cooper is leaving the Board of Directors as a result of any business disagreement with the Company.

Stuart D. Bilton (age 57) has served as a director since 1999. Mr. Bilton currently serves as Chairman of ABN AMRO Asset Management Holdings, Inc. (U.S.), where he served from February 2001 to September 2003 as President and CEO. He previously served as President and CEO of Chicago Trust Company (an institutional money manager and mutual fund sponsor) and as President and CEO of Alleghany Asset

Management, Inc. Alleghany Asset Management, Inc. and Chicago Trust Company were acquired by ABN AMRO in February 2001.

Thomas P. Cooper, M.D. (age 60) has served as a director of the Company since May 2002. Dr. Cooper has served as CEO of Senior Psychology Services, Inc. (a company providing mental health services to patients in long-term care facilities) since 1991 and as a director since 1994. Dr. Cooper has been an Adjunct Professor at Columbia Business School since September 1999.

THE BOARD OF DIRECTORS AND COMMITTEES

General Information

The UICI Board of Directors currently consists of eight directors and, following the 2004 Annual Meeting, will consist of seven directors. The Board has responsibility for establishing broad corporate policies and for the overall performance of the Company, although it is not involved in day-to-day operations. Members of the Board are kept informed of our businesses by various reports and documents sent to them, as well as by operating and financial reports made at Board and committee meetings. Regular meetings of the Board are held each quarter, and special meetings are held as necessary. The annual organizational meeting follows immediately after the Annual Meeting of Shareholders. During the fiscal year ended December 31, 2003, the Board of Directors met twelve (12) times and took action on other occasions by unanimous consent of its members. Each member of the Board of Directors who held such position in 2003 attended at least 75% in the aggregate of all meetings of the Board and any committee on which such Board Member served.

In April 2004, the Board of Directors considered transactions and relationships between each non-employee director and any members of his immediate family and the Company and its executive management. Based on that review, the Board of Directors has affirmatively determined that each of our directors (other than Mr. Jensen, Mr. Gedwed and Mr. Reed) meets the criteria of director independence contained in the applicable listing standards of the New York Stock Exchange and rules and regulations adopted by the Securities and Exchange Commission. In addition, following the 2004 Annual Meeting, the Audit Committee, the Executive Compensation Committee and the Nominating & Governance Committee will be composed solely of independent directors. There are no interlocking directorships and none of our independent directors receive any consulting, advisory or other non-director compensatory fees from the Company.

We encourage but do not require our directors to attend the Annual Meeting of Stockholders. Four of the Company's directors attended the Annual Shareholder Meeting held May 14, 2003.

Corporate Governance Matters

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics (the Code of Ethics), which contains general principles and policies that govern the activities of the Company and to which our directors, officers, employees and agents and others who represent us directly or indirectly must adhere. The Code of Ethics applies to all directors, officers, agents, consultants and employees, including the Chief Executive Officer and the Chief Financial Officer and any other employee with any responsibility for the preparation and filing of documents with the Securities and Exchange Commission. The Code of Ethics covers several topics, including conflicts of interest, confidentiality of information and compliance with laws and regulations. A copy of the Code of Ethics is available on the Corporate Governance page of the Company's website at www.uici.net. The Company may post amendments to or waivers of the provisions of the Code of Ethics, if any, made with respect to any of our directors and employees on that website. Stockholders of the Company may also request a copy of the Code of Ethics by writing to UICI, c/o Corporate Secretary, 9151 Grapevine Highway, North Richland Hills, Texas 76180.

Corporate Governance Guidelines

The Board of Directors has also adopted Corporate Governance Guidelines, which address, among other things, the Board's policies and expectations with respect to the qualification of directors, the composition of the Board of Directors, board member selection criteria, director responsibilities and other matters. A copy of the Corporate Governance Guidelines is available on the Corporate Governance page of the Company's website at www.uici.net. Stockholders of the Company may also request a copy of the Corporate Governance Guidelines by writing to UICI, c/o Corporate Secretary, 9151 Grapevine Highway, North Richland Hills, Texas 76180

Lead Independent Director

Following the 2004 Annual Meeting, the independent members of the Board of Directors intend to select Mr. McCuiston to serve as the Lead Independent Director. Among other duties, as Lead Independent Director, Mr. McCuiston will (a) preside over, coordinate and develop the agenda for executive sessions of the independent directors and sessions of the non-management directors, (b) preside at all meetings of the Board of Directors at which the Chairman of the Board is not present, (c) serve as a liaison between the Chairman of the Board and the independent directors, (iii) approve information sent to the Board of Directors, (iv) approve the meeting agenda for the Board of Directors, and (v) approve meeting schedules to assure that there is sufficient time for discussion of all items. In addition, as Lead Independent Director, Mr. McCuiston has authority to call meetings of the independent directors.

To promote open discussion and foster better communication among the non-management directors (*i.e.*, directors who are not officers of UICI but who do not otherwise have to qualify as independent), regular executive sessions are held after each quarterly Board meeting in which the non-management directors meet without management participation. Our By-laws provide that the Lead Independent Director shall serve as the presiding director at all meetings of non-management directors as and when required in accordance with the applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder and the applicable rules of the New York Stock Exchange. In addition, at least one executive session per year will be limited solely to independent directors. Each meeting of the independent directors is scheduled and chaired by the Lead Independent Director.

Shareholder Communications with the Board of Directors

The Board of Directors has adopted a written policy with respect to shareholder communications to the Board of Directors. Shareholders may communicate directly with the UICI Board of Directors, including the Chairman of the Audit Committee, Chairman of the Nominating & Governance Committee and/or the non-management directors individually or as a group. All communications should be directed to our Corporate Secretary, c/o UICI, 9151 Grapevine Highway, North Richland Hills, TX 76180 and should prominently indicate on the outside of the envelope that it is intended for the Board of Directors as a group, or, as appropriate, for the Chairman of the Audit Committee, the Chairman of the Nominating & Governance Committee and/or for the non-management directors. c/o the Lead Independent Director. Each communication intended for the Board of Directors, Chairman of the Audit Committee, Chairman of the Nominating & Governance Committee and/or the Lead Independent Director will be promptly forwarded to the specified party following its clearance through normal security procedures. If addressed to a specified individual director, the communication will not be opened but will rather be forwarded unopened to the intended recipient. If the communication is directed to all members or all non-management members of the Board, the Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

In addition, we maintain contact information, both telephone and email, on our website (www.uici.net) under the heading Info Request Contact Us. By following the contact information link, a shareholder will be provided access to our telephone number and mailing address as well as a link for providing email correspondence to UICI's Investor Relations Department. Communications sent to Investor Relations and specifically marked as a communication for the Board will be forwarded to the Board or specific members of the Board as directed in the shareholder communication.

Committees of the Board

Various committees of the Board of Directors have been established to assist the Board in the discharge of its responsibilities. The functions and composition of the Board committees are described below:

Audit Committee

The Audit Committee (of which Mural R. Josephson (Chairman), Richard T. Mockler, Thomas P. Cooper and Stuart D. Bilton currently serve as members and of which, following the 2004 Annual Meeting, Mural R. Josephson (Chairman), Richard T. Mockler, Dennis McCuistion and R.H. Mick Thompson will serve as members) assists the Board of Directors in fulfilling its oversight responsibilities by assessing the processes related to the Company's risks and control environment, overseeing the integrity of the Company's financial statements and financial reporting and compliance with legal and regulatory requirements and evaluating the Company's audit processes. The Audit Committee confers with the Company's independent auditors and internal auditors regarding audit procedures, including proposed scope of examination, audit results and related management letters. The Audit Committee reviews the services performed by the independent auditors in connection with determining their independence, reviews the reports of the independent auditors and internal auditors, and reviews recommendations about internal controls. The Committee selects and appoints the Company's independent auditors and approves any significant non-audit relationship with the independent auditors. The Audit Committee held ten (10) meetings during 2003.

The Audit Committee's Report appears elsewhere in this proxy statement. The Audit Committee operates under a written charter adopted by the Board of Directors. The charter is attached hereto as *Appendix A* and also is available for review on the Company's website (www.uici.net). The Committee reviews and assesses the adequacy of its charter on an annual basis. The composition of the Audit Committee, the attributes of its members and the responsibilities of the Committee, as reflected in its charter, are intended to be in accordance with applicable requirements for corporate audit committees. The Board of Directors has determined that Mr. Josephson, who is independent of management of the Company, is an audit committee financial expert, as that term is used in Item 401(h) of Regulation S-K promulgated under the Securities Exchange Act of 1934 (the Exchange Act) and as defined by the applicable listing standards of the New York Stock Exchange. In addition, each of the members of the Audit Committee meets the current independence requirements as set forth in the applicable listing standards of the New York Stock Exchange and provisions of the Sarbanes-Oxley Act of 2002.

The Audit Committee has adopted procedures governing the receipt, retention and handling of concerns regarding accounting, internal accounting controls or auditing matters that are reported by employees, shareholders and other persons. Employees may report such concerns confidentially and anonymously by utilizing a toll free hot line number [(877) 778-5463] or by accessing Report-It [www.reportit.net], a third party reporting service. All others may direct such concerns in writing to the Board of Directors, Audit Committee and/or the non-management directors c/o our Corporate Secretary, UICI, 9151 Grapevine Highway, North Richland Hills, TX 76180 as described above under the caption Shareholder Communications with the Board of Directors.

Executive Committee

The Executive Committee (of which Ronald L. Jensen (Chairman), William J. Gedwed and Glenn W. Reed serve as members) has the authority of the full Board of Directors in the management and affairs of the Company, except that the Committee *may not* effect certain fundamental corporate actions, such as (a) declaring a dividend, (b) amending the Certificate of Incorporation or By-Laws, (c) adopting an agreement of merger or consolidation, or (d) imposing a lien on substantially all of the assets of the Company. In practice, the Executive Committee meets infrequently and does not act except on matters that are not sufficiently important to require action by the full Board of Directors. During 2003 the Executive Committee did not meet, but the Committee took action on selected occasions by unanimous consent of its members.

Investment Committee

The Investment Committee (of which Ronald L. Jensen (Chairman), William J. Gedwed and Thomas P. Cooper currently serve as members and of which, following the 2004 Annual Meeting, Ronald L. Jensen (Chairman), William J. Gedwed and Glenn W. Reed will serve as members) coordinates with the Investment/ Finance Committees of the Company's insurance subsidiaries in supervising and implementing the investments of the funds of the Company and its insurance subsidiaries. The Investment Committee held one meeting during 2003.

Nominating & Governance Committee

The Nominating & Governance Committee (of which Richard T. Mockler (Chairman), William J. Gedwed and R.H. Mick Thompson currently serve as members and of which, following the 2004 Annual Meeting, Richard T. Mockler, Dennis C. McCuiston and R.H. Mick Thompson will serve as members) identifies individuals qualified to become Board members consistent with criteria approved by the Board and recommends that the Board select the director nominees to be voted on at the next annual meeting of shareholders. The Committee also makes recommendations concerning the structure, size and membership of the various committees of the Board of Directors. The Nominating & Governance Committee develops and recommends to the Board the Corporate Governance Guidelines applicable to the Company, oversees the evaluation of the Board and management, and reviews the succession plan of the Chief Executive Officer and other key officer positions.

The Nominating & Governance Committee seeks to identify prospective directors for nomination to the Board that combine diverse business experience, skill and intellect in order to better enable the Company to pursue its strategic objectives. The Committee has not reduced the qualifications for service on the Company's Board to a checklist of specific standards or specific, minimum qualifications, skills or qualities. Rather, the Company seeks, consistent with the vacancies existing on the Company's Board that may exist at any particular time, to select individuals who exhibit core traits of judgment, skill, integrity, experience with businesses and other organizations of comparable size and the ability to work well with complex organizations. In assessing Board candidates, the Nominating & Governance Committee seeks individuals with specific expertise with respect to the industry in which the Company conducts its business, the ability to evaluate the impact of technology on the Company, an understanding of and appreciation for the Company's corporate culture, and skill in communicating effectively with other Board members and senior management. In addition, the Company intends to periodically conduct a self-evaluation and a review of individual Board members in order to help the Company continue to formulate a governance strategy that complements the Company's business and its strategic vision.

The Nominating & Governance Committee's process for identifying and evaluating nominees for directors includes recommendations by stockholders, non-management directors and executive officers, a review and background check of specific candidates, an assessment of the candidate's independence and interviews of director candidates by members of the Nominating & Governance Committee.

In carrying out its responsibilities to nominate directors, the Nominating & Governance Committee will consider candidates recommended by the Board of Directors and by shareholders of the Company. All suggestions by shareholders for nominees for director for 2005 must be made in writing and received by the Secretary of the Company, 9151 Grapevine Highway, North Richland Hills, Texas 76180 not later than December 10, 2004 (*see* Deadline for Submission of Stockholder Proposals and Nominations for Director). The mailing envelope must contain a clear notation indicating that the enclosed letter is a Director Nominee Recommendation. The letter must identify the author as a shareholder and provide a brief summary of the candidate's qualifications, as well as contact information for both the candidate and the shareholder. At a minimum, candidates for election to the Board must meet the independence requirements of the applicable listing standards of the New York Stock Exchange and Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Candidates should also have relevant business and financial experience, and must be able to read and understand fundamental financial statements. The Committee has not historically received director candidate recommendations from the Company's shareholders but will consider all relevant qualifications as

well as the needs of the Company in terms of compliance with the listing standards of the New York Stock Exchange and Securities and Exchange Commission rules. In evaluating a nominee recommended by a stockholder, the Nominating & Governance Committee's evaluation of a nominee would consider the factors described above.

Mr. Thompson (who was elected to the Board following the 2003 Annual Meeting) and Mr. McCuiston (director-nominee) are being nominated for election by the stockholders for the first time at the 2004 Annual Meeting. Both individuals were first introduced to the Nominating & Governance Committee by a non-management director.

The Nominating & Governance Committee operates under a written charter adopted by the Board of Directors, which is available for review on the Company's website (www.uici.net). In addition, following the 2004 Annual Meeting each of the members of the Committee will meet the independence requirements as set forth in the applicable listing standards of the New York Stock Exchange and provisions of the Sarbanes-Oxley Act of 2002. During 2003 the Nominating & Governance Committee held two meetings and took action on selected occasions by unanimous written consent of its members.

Executive Compensation Committee

The Executive Compensation Committee (of which R.H. Mick Thompson (Chairman), Stuart D. Bilton, and Thomas P. Cooper, M.D. currently serve as members and of which, following the 2004 Annual Meeting R.H. Mick Thompson (Chairman), Dennis C. McCuiston and Mural R. Josephson will serve as members) administers the Company's compensation programs and remuneration arrangements for its highest-paid executives. The Executive Compensation Committee operates under a written charter adopted by the Board of Directors, which is available for review on the Company's website (www.uici.net). In addition, each of the members of the Committee meets the current independence requirements as set forth in the applicable listing standards of the New York Stock Exchange and provisions of the Sarbanes-Oxley Act of 2002. The Committee reviews and approves corporate goals and objectives relative to CEO compensation, evaluates the CEO's performance in light of those goals and objectives and sets the CEO's compensation level based on this evaluation. The Committee also makes recommendations to the Board with respect to incentive-compensation plans and equity-based plans, and evaluates, from time to time, the compensation to be paid to directors for their service on the Board or any committee thereof.

The Committee held two meetings during 2003.

The Executive Compensation Committee's Report on Executive Compensation appears elsewhere in this proxy statement.

Privacy Committee

The Privacy Committee (of which Glenn W. Reed (Chairman) and William J. Gedwed serve as members) oversees implementation and administration of the privacy, security, transaction codes set and other requirements imposed under the federal Gramm-Leach-Bliley Act and Health Insurance Portability and Accountability Act. The Privacy Committee did not meet during 2003.

COMPENSATION OF DIRECTORS

UICI does not compensate directors who are also officers of the Company for their service as directors. The following chart reflects the compensation for the non-employee directors of the Company effective May 1, 2003 and as modified by the Executive Compensation Committee to be effective May 1, 2004:

Feature	Current- Effective May 1, 2003	To be effective May 1, 2004
Annual Retainer	\$7,500	\$10,000
Per Quarterly Meeting Attendance Fee	\$6,000	\$6,000
Audit Committee Chairman:		
Annual Retainer:	\$4,000	\$10,000
Per Meeting Attendance Fee:	\$500	\$500
Lead Independent Director:		
Quarterly Retainer:	None	\$15,000
Chairman of Nominating and Governance Committee and Chairman of Executive Compensation Committee:		
Annual Retainer:	None	\$4,000
Per Meeting Attendance Fee:	None	\$500
Annual Retainer for Other Non- Employee Members of Audit Committee, Compensation Committee and the Privacy Committee:	\$3,000	\$3,000
Stock in Lieu of Cash Feature	For fees otherwise payable in cash, outside directors may elect to receive UICI stock, in whole or in part, in lieu of cash, at a 15% discount to the market price. Each director electing to receive stock in lieu of cash will receive an option to purchase one share of UICI stock for each share of UICI purchased pursuant to stock-in-lieu-of-cash feature.	Directors may elect to receive an equivalent value of UICI stock in lieu of cash for fees otherwise payable in cash. Each director electing to receive stock in lieu of cash will receive an option to purchase one share of UICI stock for each share of UICI purchased pursuant to stock-in-lieu-of-cash feature.
Stock Purchase Feature	Each outside director may purchase up to \$60,000 of UICI stock at a 15% discount to the market price and will receive an option to purchase one share of UICI for every two shares so purchased.	Terminated

During 2003, all non-employee directors elected to receive 100% of their director compensation in stock (except Messrs. Mockler and Thompson, who elected to receive such director compensation in cash). During 2003, no director elected to purchase UICI stock pursuant to the stock purchase feature of the director compensation program.

EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Company's compensation objectives include attracting and retaining the best possible executive talent, motivating executive officers to achieve the Company's performance objectives, rewarding individual performance and contributions, and linking to the extent possible executive and stockholder interests through equity-based (stock option and restricted stock) plans. The Company's executive compensation consists of four key components: annual base salary, annual cash incentive bonus compensation, stock option grants and restricted stock grants. Each component of compensation is designed to complement the other components and, when considered together, to meet the Company's overall compensation objectives.

Historically, the Executive Compensation Committee of the Board of Directors (the Committee) has approved base compensation for senior executives (including Mr. Gedwed) based on reference to base salaries of comparable executive positions at a peer group of comparably sized insurance and insurance holding companies. Mr. Gedwed's base compensation is intended to be comparable with the 50th percentile of salaries within such peer group. Consistent with past practice, in December 2002 and January 2003 the Committee reviewed and approved base compensation to be paid to executives in 2003. In establishing base compensation for 2003 to officers other than the President and CEO, the Committee considered the recommendations of Gregory Mutz (who served as President and CEO until June 2003) and approved, subject to any modifications it deemed appropriate, base compensation to be paid to such executive officers.

Commencing in 2001, the Company established and implemented a more structured incentive compensation plan, pursuant to which the Company set a maximum bonus potential for each executive as a percentage of base compensation and established quantitative and qualitative bonus criteria. For 2003, the quantitative performance goals included, among other things, UICI consolidated financial results, business unit profitability and attainment of specific revenue (annualized premium volume) goals. Throughout the year, each executive's progress toward meeting his or her incentive compensation goals was measured and monitored, and final determination of incentive compensation awards was made in January 2003 in light of anticipated year end results. At a meeting held on January 23, 2004, the Committee (then composed of Patrick J. McLaughlin¹ (Chairman), Stuart D. Bilton, Thomas P. Cooper and Mural R. Josephson) reviewed and approved incentive bonus compensation in accordance with the plan for all Named Executive Officers below and approximately ten other officers and key employees of the Company.

The Company's executive officers are also entitled to participate in the Company's 1987 Amended and Restated Stock Option Plan. Under the 1987 Plan, nonqualified options to purchase Common Stock of the Company may be granted at exercise prices not less than the fair market value of the Common Stock at the date of grant. Options granted under the 1987 Plan become exercisable generally in annual cumulative installments of 20% of the number of options granted over a five-year period, or sooner at the discretion of the Executive Compensation Committee. With respect to 2003 performance, the Committee determined not to award options to acquire UICI shares, but rather to pay the incentive bonus compensation solely in cash.

Section 162(m) of the U.S. Internal Revenue Code limits the deductibility of compensation in excess of \$1.0 million paid to the Company's Chairman, chief executive officer and president or to any of the Company's four highest-paid other executive officers unless certain specific and detailed criteria are satisfied. The Committee considers the anticipated tax treatment to the Company and its executive officers in its review and establishment of compensation programs and payments, but has determined that it will not necessarily seek to limit compensation to that amount otherwise deductible under Section 162(m).

To provide an additional equity-based vehicle to incentivize officers and other key employees, in February 2000 and January 2001, the Board of Directors of the Company approved and adopted the UICI 2000 Restricted Stock Plan and 2001 Restricted Stock Plan, respectively, pursuant to which the Company may

¹ Mr. McLaughlin resigned as a Director and member of the Executive Compensation Committee effective January 27, 2004. Mr. McLaughlin did not leave the Board of Directors as a result of any business disagreement with the Company.

from time to time and subject to the terms thereof make awards of restricted shares of the Company's Common Stock to eligible participants in the Plan. The shareholders of UICI approved the UICI 2000 Restricted Stock Plan and 2001 Restricted Stock Plan on May 16, 2001. Shares of Common Stock granted to eligible participants generally vest on the second anniversary of the date of grant and are otherwise forfeitable if the participant ceases to provide material services to the Company as an employee, independent contractor, consultant, advisor, director or otherwise for any reason other than death prior to vesting. Shares of restricted stock also vest upon a Change of Control (as defined) or upon the death of the participant. With respect to 2003 performance, in January 2004, the Committee determined not to award restricted stock to any eligible participant, but rather to pay incentive bonus compensation solely in cash.

Executive Compensation Committee

R.H. Mick Thompson, Chairman

Stuart D. Bilton

Thomas P. Cooper, M.D.

SUMMARY COMPENSATION TABLE

The following table summarizes all compensation for services to us and our subsidiaries for the fiscal years ended December 31, 2003, 2002 and 2001, earned by or awarded or paid to the persons who were the Chairman of the Board, the chief executive officer, and the four other most highly compensated executive officers of the Company serving as such at December 31, 2003 (the Named Executive Officers).

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS		
		SALARY(\$)	BONUS\$(a)	OTHER ANNUAL COMPENSATION \$(b)	RESTRICTED STOCK AWARDS \$(c)	SECURITIES UNDERLYING OPTIONS #(d)	ALL OTHER COMPENSATION \$(e)
Ronald L. Jensen	2003	1					
Chairman of the Board	2002	1					
	2001	1					
Gregory T. Mutz	2003	510,000					48,411(g)
CEO and Director(f)	2002	500,000	997,000		34,500		42,683
	2001	500,000		(h)		150,000(i)	27,123
William J. Gedwed	2003	202,692	250,000				8,636
CEO and Director(j)	2002					(k)	(m)
	2001					(l)	(n)
Glenn W. Reed	2003	400,000	300,000				22,074
Executive Vice	2002	390,000	200,000		232,875	17,000	53,213
President & General Counsel	2001	390,000	175,000			20,000	35,385
Phillip J. Myhra	2003	325,000	520,000				20,519
Executive Vice							
President	2002	275,000	300,000		126,500	45,000	32,781
Insurance Group	2001	225,000	210,000			20,000	47,232
James N. Plato	2003	287,439	250,000	181,417			12,000
President Life Insurance	2002	267,323	358,150	102,330		10,000	20,545
Division(o)	2001	120,595	107,100		45,050	20,000	77,695
Mark D. Hauptman	2003	200,000	150,000				12,402
Vice President, Chief Financial Officer & Chief	2002	175,769	110,000		43,068		11,789
Accounting Officer	2001	156,981	40,000		19,875		10,550

(a) Reflects cash bonuses accrued for the year presented.

(b) With respect to 2003, Mr. Plato received an aggregate of \$181,417 for reimbursement of certain housing expenses (consisting of reimbursement for interest on mortgage loans in the amount of \$39,900 and closing costs in the amount of \$141,517). With respect to 2002, Mr. Plato received an aggregate of \$102,330 for reimbursement of certain housing expenses (consisting of reimbursement for interest on mortgage loans in the amount of \$59,137, real estate taxes in the amount of \$23,448, an employment tax gross up in the amount of \$19,745). No other Named Executive Officer received perquisites or other personal benefits in excess of the lesser of \$50,000 or 10% of the total of annual salary and bonus reported for the Named Executive Officer.

(c) With respect to 2002, reflects market value of restricted stock granted February 12, 2003. With respect to 2001, reflects market value of restricted stock granted on June 11, 2001 (February 6, 2002 with respect to Mr. Hauptman). The number of shares awarded for 2002 and 2001 was as follows: Mr. Mutz, 3,000 shares and -0- shares; Mr. Reed, 20,250 shares and -0- shares; Mr. Myhra, 11,000 shares and -0- shares; Mr. Plato, -0- shares and 5,000 shares; and Mr. Hauptman, 3,745 shares and 1,500 shares. Dividends are paid, if any, to holders with respect to restricted stock at the same rate paid to all stockholders. Shares of restricted stock granted to all executives (other than Mr. Plato) vest on the second anniversary of the date of grant. Shares of restricted stock granted to Mr. Plato vest in 20% increments over

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five years. At December 31, 2003, the number of unvested shares and market value of all restricted stock then held by Messrs. Gedwed, Mutz, Reed, Myhra, Plato, and Hauptman was -0- and \$0; 3,000 shares and \$39,840; 20,250 shares and \$268,920; 11,000 shares and \$146,080; 3,000 shares and \$39,840; 5,245 shares and \$69,654, respectively.

- (d) With respect to 2002, includes options granted on February 12, 2003. With respect to 2001, includes options granted on December 8, 2001, June 11, 2001 and February 4, 2002.
- (e) Amounts for 2003 include Company contributions to its Employee Stock Ownership and Saving Plan of \$12,000 for the benefit of Messrs. Mutz, Reed, Myhra, Plato, and Hauptman and \$8,636 for the benefit of Mr. Gedwed.

Amounts for 2003 include reimbursement of housing expenses of \$2,916, \$9,672, \$8,117 for Messrs. Mutz, Reed and Myhra, respectively. Amounts for Mr. Mutz in 2003 include \$14,517 for reimbursement for tax preparation fees, \$9,315 reimbursement of legal fees and \$9,262 employment tax gross up on the tax preparation fees. Amounts for 2002 include Company contributions to its Employee Stock Ownership and Savings Plan of \$12,000 for the benefit of Messrs. Mutz, Myhra and Plato and \$11,500 for the benefit of Messrs. Reed and Hauptman. Amounts for 2002 for Mr. Mutz, Mr. Reed, Mr. Myhra and Mr. Plato include reimbursement of housing expenses of \$17,785, \$41,424, \$20,493, and \$8,545, respectively. Amounts for Mr. Mutz in 2002 include reimbursement of tax preparation fees of \$12,609. Amounts for 2001 include Company contributions to its Employee Stock Ownership and Savings Plan of \$10,200 for the benefit of Messrs. Mutz, Reed, Myhra, Hauptman and \$6,872 for the benefit of Mr. Plato. Also includes in 2001 contributions to the Company's Medical Savings Account Health Insurance Plan for the benefit of Messrs. Mutz, Reed, and Myhra in the amount of \$2,000, \$2,000, and \$1,000, respectively. Amounts for Messrs. Mutz, Reed, Myhra and Plato in 2001 also include reimbursement of housing expenses in the amount of \$14,778, \$23,040, \$35,887 and \$15,751, respectively. Amounts for Mr. Plato in 2001 include reimbursement of interest on mortgage loans in the amount of \$55,072.

- (f) Mr. Mutz resigned as CEO on June 30, 2003 but remained a Director until December 31, 2003. In February 2004, the Company and Mr. Mutz entered into a agreement, pursuant to which Mr. Mutz agreed to resign from the Board and the Company agreed to pay to Mr. Mutz the amount of \$510,000, payable in equal monthly installments of \$42,500 over the twelve-month period ending December 31, 2004 See COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION; CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.
- (g) Does not include income realized by Mr. Mutz upon cancellation of a split-dollar life insurance arrangement in December 2002 in the amount of \$191,327.
- (h) In lieu of a cash bonus for 2001 performance in the amount of \$200,000, Mr. Mutz was awarded immediately exercisable options to purchase 100,000 shares of UICI Common Stock at an exercise price of \$11.40 per share.
- (i) Includes immediately exercisable options to purchase 100,000 shares of UICI Common Stock at an exercise price of \$11.40 per share, which were granted to Mr. Mutz in lieu of a cash bonus for 2001 performance.
- (j) Mr. Gedwed has served as a director of the Company since June 2000, and as President and Chief Executive Officer since July 1, 2003.
- (k) Does not include stock options Mr. Gedwed received in his capacity as director as follows: 448 shares on May 17, 2001, 154 shares on August 3, 2001, and 150 shares on November 2, 2001.
- (l) Does not include stock options Mr. Gedwed received in his capacity as director as follows: 164 shares on February 8, 2002 and 114 shares on May 3, 2002.
- (m) Does not include income Mr. Gedwed received in 2001 in his capacity as a consultant of the Company in the amount of \$120,000.
- (n) Does not include income Mr. Gedwed received in 2002 in his capacity as a consultant of the Company in the amount of \$120,000.
- (o) Mr. Plato commenced employment with the Company on June 11, 2001.

**AGGREGATE STOCK OPTION EXERCISES
IN 2003 AND YEAR-END VALUES**