

Penny Pamela J
 Form 4
 March 19, 2010

FORM 4

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

OMB APPROVAL

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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 *
 Penny Pamela J

2. Issuer Name and Ticker or Trading Symbol
 HCC INSURANCE HOLDINGS INC/DE/ [HCC]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
 EVP & Chief Accounting Officer

(Last) (First) (Middle)
 C/O HCC INSURANCE HOLDINGS, INC., 13403 NORTHWEST FREEWAY

3. Date of Earliest Transaction (Month/Day/Year)
 03/17/2010

(Street)
 HOUSTON, TX 77040

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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | | (A) or (D) | Price | | |
| Common Stock | 03/17/2010 | | M | 28,500 | A \$ 19.73 | 42,016 | D |
| Common Stock | 03/17/2010 | | S | 28,500 | D \$ 28.88 (1) | 13,516 | D |
| Common Stock | 03/18/2010 | | M | 1,500 | A \$ 19.73 | 15,016 | D |
| Common Stock | 03/18/2010 | | S | 1,500 | D \$ 28.88 | 13,516 | D |

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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 (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Option to Purchase <u>(2)</u> | \$ 19.73 | 03/17/2010 | | M | 28,500 | <u>(3)</u> | 08/26/2010 | Common Stock | 37,500 |
| Option to Purchase <u>(2) (4)</u> | \$ 19.73 | 03/18/2010 | | M | 1,500 | <u>(3)</u> | 08/26/2010 | Common Stock | 37,500 |
| Option to Purchase <u>(5)</u> | \$ 27.56 | | | | | <u>(6)</u> | 07/22/2011 | Common Stock | 35,000 |
| Option to Purchase <u>(2)</u> | \$ 31.11 | | | | | <u>(7)</u> | 03/02/2013 | Common Stock | 50,000 |
| Option to Purchase <u>(8)</u> | \$ 20.86 | | | | | <u>(9)</u> | 11/19/2014 | Common Stock | 100,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|--------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Penny Pamela J C/O HCC INSURANCE HOLDINGS, INC. 13403 NORTHWEST FREEWAY HOUSTON, TX 77040 | | | EVP & Chief Accounting Officer | |

Signatures

Pamela J. Penny

03/19/2010

**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 price \$28.88 represents a weighted average of sales prices ranging from \$28.82 to \$28.94. Full information regarding the number of shares sold at each separate price will be provided to the SEC, the issuer or a security holder of the issuer upon request.
 - (2) Option to purchase granted pursuant to the 2001 Flexible Incentive Plan.
 - (3) The options vest equally annually beginning 08/26/05 @ 7,500 shares per year.
 - (4) This is the same grant as listed above, shown again to reflect the next day exercise.
 - (5) Option to purchase granted pursuant to the 2004 Flexible Incentive Plan.
 - (6) The options vest equally annually beginning 07/22/06 @ 7,000 shares per year.
 - (7) The options vest equally annually beginning 03/02/08 @ 10,000 shares per year.
 - (8) Option to purchase granted pursuant to the 2008 Flexible Incentive Plan.
 - (9) The options vest equally annually beginning 11/19/09 @ 20,000 shares per year.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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