

FLAGG JAMES C
Form 4
December 22, 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

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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 *
FLAGG JAMES C

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)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
12/19/2008

Director 10% Owner
 Officer (give title below) Other (specify below)

C/O HCC INSURANCE HOLDINGS, INC., 13403 NORTHWEST FREEWAY

(Street)

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

HOUSTON, TX 77040

(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 Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	12/19/2008		M	17,500 A \$ 16.8	23,330	D	
Common Stock	12/19/2008		S	17,500 D \$ 25.4048	5,830	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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number.

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 ⁽²⁾	\$ 16.8	12/19/2008		M	17,500	01/03/2004 01/03/2009	Common Stock 37,500
Option to Purchase ⁽³⁾	\$ 21.37					12/20/2005 12/20/2009	Common Stock 18,750
Option to Purchase ⁽³⁾	\$ 30.85					01/05/2007 01/05/2011	Common Stock 12,500

Reporting Owners

Reporting Owner Name / Address**Relationships**

Director 10% Owner Officer Other

FLAGG JAMES C
C/O HCC INSURANCE HOLDINGS, INC. X
13403 NORTHWEST FREEWAY
HOUSTON, TX 77040

Signatures

Frank J. Bramanti as Attorney in Fact for James C. Flagg 12/22/2008

**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) The price of \$25.4048 represents a weighted average of sales prices ranging from \$25.35 - \$25.41. 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) Option to purchase granted pursuant to the 2004 Flexible Incentive Plan.

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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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