

HCC INSURANCE HOLDINGS INC/DE/
 Form 4
 January 12, 2007

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 *
KELBEL CRAIG 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)

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

3. Date of Earliest Transaction (Month/Day/Year)
 01/10/2007

____ Director
 Officer (give title below) _____ 10% Owner
 _____ Other (specify below)
 Executive Vice President

(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) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|
| | | | Code | V Amount (A) or (D) Price | | | |
| Common Stock | 01/10/2007 | | M | 37,500 A \$ 23.83 | 37,500 | D | |
| Common Stock | 01/10/2007 | | S | 37,500 D \$ 31.2562 | 0 | D | |

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 ⁽¹⁾ | \$ 23.83 | 01/10/2007 | | M | | 37,500 | | ⁽²⁾ | 12/31/2010 | Common Stock | 112,500 |
| Option to Purchase ⁽¹⁾ | \$ 28.53 | | | | | | | ⁽³⁾ | 09/28/2011 | Common Stock | 100,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|----------------------------------------------------------------------------------------------|---------------|-----------|--------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| KELBEL CRAIG J 13403 NORTHWEST FREEWAY C/O HCC INSURANCE HOLDINGS HOUSTON, TX 77040 | | | Executive Vice President | |

Signatures

Edward H. Ellis, Jr. as Attorney-in-Fact for Craig J. Kelbel

01/12/2007

**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) Option to purchase granted pursuant to the 2004 Flexible Incentive Plan.

(2) The options vest equally annually over a 3 year period beginning 12/31/06 at 37,500 per year.

(3) The options vest equally annually over a 5 year period beginning 09/28/06 at 20,000 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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