

HCC INSURANCE HOLDINGS INC/DE/
Form 8-K
November 30, 2010

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

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

November 26, 2010

HCC INSURANCE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-13790
(Commission File
Number)

76-0336636
(IRS Employer
Identification No.)

13403 Northwest Freeway
Houston, Texas
(Address of principal executive offices)

77040-6094
(Zip Code)

Registrant's telephone number, including area code: (713) 690-7300

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry Into a Material Definitive Agreement.

On November 26, 2010 (the Effective Date), HCC Insurance Holdings, Inc. (HCC) entered into a \$90,000,000 Standby Letter of Credit Facility Agreement (the Facility) dated as of November 26, 2010 with The Royal Bank of Scotland plc and Barclays Bank plc, which are referred to herein collectively as the Banks.

The Facility may only be used for the purpose of enabling Funds at Lloyd s (as defined in the Facility) to be provided for HCC for the 2011 and prior years of account at Lloyd s of London (Lloyd s). The Facility permits HCC to obtain letters of credit in an aggregate stated amount not to exceed \$90,000,000 at any time outstanding. The beneficiary of any letters of credit issued under the Facility shall be Lloyd s. The final maturity date for letters of credit to be issued under the Facility is no later than December 31, 2014. A letter of credit substantially equal to the Total Commitment (as defined in the Facility) under the Facility was issued to Lloyd s on November 29, 2010.

HCC has paid an arrangement fee in the amount of 0.55% of each Bank s commitment under the Facility and will pay a commitment commission in the amount of 0.15% per annum of the Available Commitment (as defined in the Facility) for the Availability Period (as defined in the Facility). HCC shall pay a letter of credit fee in the amount of 0.90% per annum on letters of credit issued under the Facility. The Facility contains representations and warranties and covenants customary for standby letter of credit facilities of this nature and, where applicable, restrictive covenants generally defer to the covenants contained in our Loan Agreement (\$300,000,000 Revolving Loan Facility) dated as of April 4, 2007 with Wells Fargo Bank, National Association, Citibank, N.A., Wachovia Bank, National Association, Amegy Bank, National Association, the Royal Bank of Scotland, and Bank of New York, and amended on October 23, 2007 to increase the credit line to \$575,000,000.

If a Ratings Downgrade (as defined in the Facility) or an Event of Default (as defined in the Facility) occurs, then, to the extent permitted in the Facility, the Banks may require HCC to procure that each letter of credit issued under the Facility is returned or that the liabilities of the Banks under each letter of credit issued under the Facility are reduced to zero, may require HCC to deposit cash collateral equal to the Banks letter of credit exposure under the Facility, may declare any unutilized portion of the Facility cancelled and may exercise their other rights, remedies, powers or discretions under that Facility.

Both Banks have in the past performed, and may in the future from time to time perform, investment banking, financial advisory, lending and/or commercial banking services or other services to HCC and its subsidiaries for which they have received, and may in the future receive, customary compensation and expense reimbursement.

A copy of the Facility is filed herewith as an exhibit, which is incorporated herein by reference, and the description above is qualified in its entirety by reference thereto.

The Facility will replace the \$152,000,000 Standby Letter of Credit Facility Agreement (the 2009 Facility) dated as of November 24, 2009 with The Royal Bank of Scotland plc and Barclays Bank plc. HCC has terminated the 2009 Facility with the Banks and Lloyd s has confirmed that it will replace the 2009 Facility with the Facility.

Item 1.02 Termination of a Material Definitive Agreement

The information provided in Item 1.01 is incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

No. Exhibit

10.1 \$90,000,000 Standby Letter of Credit Facility dated November 26, 2010 by and between HCC Insurance Holdings, Inc., The Royal Bank of Scotland plc and Barclays Bank plc

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HCC INSURANCE HOLDINGS, INC.

Date: November 30, 2010

By: /s/ Randy D. Rinicella
Randy D. Rinicella,
Senior Vice President and
General Counsel

EXHIBITS INDEX

No. Exhibit

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