

HCC INSURANCE HOLDINGS INC/DE/
Form DEF 14A
April 12, 2013

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

Filed by a Party other than the Registrant

Check the appropriate box:	
<input type="checkbox"/>	Preliminary Proxy Statement
<input type="checkbox"/>	CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
<input type="checkbox"/>	Definitive Proxy Statement
<input type="checkbox"/>	Definitive Additional Materials
<input type="checkbox"/>	Soliciting Material Pursuant to §.240.14a-12

HCC INSURANCE HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):	
<input type="checkbox"/>	No fee required.
<input type="checkbox"/>	Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
	(1) Title of each class of securities to which transaction applies:
	(2) Aggregate number of securities to which transaction applies:
	(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
	(4) Proposed maximum aggregate value of transaction:
	(5) Total fee paid:
<input type="checkbox"/>	Fee paid previously with preliminary materials.

	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
	(1) Amount Previously Paid:
	(2) Form, Schedule or Registration Statement No.:
	(3) Filing Party:
	(4) Date Filed:

Letter from our CEO
My Fellow Stockholders:

I look forward to joining you, HCC's Board of Directors, and the other members of HCC's senior management team at the upcoming 2013 Annual Meeting of Stockholders. The attached Notice of Annual Meeting of Stockholders and Proxy Statement will serve as your guide to the business to be conducted at the meeting this year.

You will notice that this year's proxy statement contains several enhancements intended to simplify and more effectively describe the matters to be discussed at the Annual Meeting. Page I of the proxy statement summarizes the detailed information contained elsewhere in the proxy statement. We have also included more tables and charts to highlight the connection between pay and performance in our executive compensation program. In an effort to achieve the highest possible turnout, we have also introduced voting via mobile devices that are QR Code-capable.

2012 was a great year for HCC. We enjoyed strong performance across our various lines of business and achieved record earnings per share. HCC has created significantly more value (as measured by compounded annual return on tangible book value per share, including dividends) than its peers over the last 1-year, 5-year and 10-year periods.

We have also continued to implement best practices in the area of corporate governance. In response to comments from stockholders, the Board of Directors adopted a majority voting standard in the uncontested election of directors. In addition, we adopted a new, and we believe more robust, executive compensation program that (i) provides greater predictability in compensation from year to year and (ii) provides a greater portion of total compensation as equity. In connection with the new compensation program, we also adopted a clawback policy that allows us to recoup incentive based compensation from our executive officers in the event of a financial restatement. More information about these new policies and procedures can be found in the proxy statement.

Your vote is important to us and the conduct of our business. I urge you to actively participate in HCC's future by casting your vote on the items discussed in the proxy statement. I encourage you to vote early by signing and returning your proxy card or by voting via telephone, mobile device or internet as instructed in the proxy statement. Thank you for being a stockholder and for the trust you have placed in HCC.

Best regards,

Christopher J.B. Williams
Chief Executive Officer

[Back to Contents](#)

WELCOME TO THE HCC ANNUAL MEETING

Our Annual Meeting of Stockholders is an important event in the life of our Company. Regardless of the number of shares that you own, it is an opportunity to learn more about recent developments at HCC and, more importantly, to express your opinion regarding our business. It is important that you vote in order to play a part in the future of the Company. Under NYSE rules, shares held through a broker, bank or other nominee cannot be voted by such nominee on non-discretionary matters.

Items that require your vote

	For More Information	Board Recommendation
PROPOSAL 1 – Election of Directors	Page 3	FOR each nominee
PROPOSAL 2 – Advisory Vote on Executive Compensation	Page 13	FOR
PROPOSAL 3 – Ratification of Independent Registered Public Accounting Firm	Page 17	FOR
PROPOSAL 4 – Approval of HCC 2013 Employee Stock Purchase Plan	Page 19	FOR
PROPOSAL 5 – Re-Approval of Material Terms of Performance Goals under HCC 2008 Flexible Incentive Plan	Page 21	FOR

Ways to vote

Even if you plan to attend our Annual Meeting, please read this Proxy Statement with care and vote right away using one of the following methods. In all cases, have your proxy card or voting instruction form in hand.

Via Internet at www.proxyvote.com	Via Mobile Device by scanning this QR Code	Via Phone by calling 1-800-690-6903 in the U.S. or Canada	Via Mail by returning signed proxy card in the postage-paid envelope
---	--	---	--

Attend our Annual Meeting of Stockholders

HCC Insurance Holdings, Inc.

2013 Annual Meeting of Stockholders

Date and Time: Wednesday, May 22, 2013

9:00 a.m., Central Daylight time

HCC Insurance Holdings, Inc.

Location: 13403 Northwest Freeway,
Building II

Houston, Texas 77040

Record Date: April 1, 2013

[Back to Contents](#)

Notice of Annual Meeting of Stockholders
May 22, 2013

9:00 a.m., Central Daylight Time

HCC Insurance Holdings, Inc. at 13403 Northwest Freeway, Houston, TX 77040

NOTICE IS HEREBY GIVEN that the 2013 Annual Meeting of Stockholders of HCC Insurance Holdings, Inc. will be held on Wednesday, May 22, 2013, at 9:00 a.m., Central Daylight time, at the headquarters of HCC Insurance Holdings, Inc. at 13403 Northwest Freeway, Houston, TX 77040, for the following purposes:

1.

To elect the eleven individuals named in this Proxy Statement to serve as members of our Board of Directors for a one-year term, each to serve until the 2014 Annual Meeting of Stockholders and until his or her successor is duly elected and qualified;

2.

To conduct an advisory vote to approve the compensation of our Named Executive Officers;

3.

To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2013;

4.

To approve the HCC Insurance Holdings, Inc. 2013 Employee Stock Purchase Plan;

5.

To re-approve the material terms of the performance goals under the HCC Insurance Holdings, Inc. 2008 Flexible Incentive Plan; and

6.

To transact such other business as may properly come before the meeting and any postponement or adjournment thereof.

Our Board of Directors has fixed the close of business on April 1, 2013 as the record date for determining those stockholders who are entitled to notice of, and to vote at, the 2013 Annual Meeting of Stockholders. A list of such stockholders will be open to examination by any stockholder at the annual meeting and for a period of ten days prior to the date of the annual meeting during ordinary business hours at 13403 Northwest Freeway, Houston, Texas. A copy of the Annual Report of HCC Insurance Holdings, Inc. for the year ended December 31, 2012 is enclosed.

To ensure that your shares are represented at the meeting, we encourage you to cast your vote as promptly as possible. You may vote via the Internet, via the telephone, via a mobile device, or via the mail. Procedures for submitting your

vote are described on page 2 of the Proxy Statement.

April 12, 2013

Houston, Texas

By Order of the Board of Directors,

Randy D. Rinicella

Senior Vice President, General Counsel and Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF

STOCKHOLDERS TO BE HELD ON MAY 22, 2013

The Company's 2013 Notice of Annual Meeting and Proxy Statement, 2012 Annual Report and other proxy materials are available under the "Investor Relations" tab on our website at www.hcc.com.

[Back to Contents](#)

Table of Contents

<u>INFORMATION CONCERNING SOLICITATION AND VOTING</u>	1
<u>Proposals to be Considered and Vote Required</u>	1
<u>How to Vote</u>	2
<u>Voting of Proxies</u>	2
<u>PROPOSAL NUMBER 1 ELECTION OF DIRECTORS</u>	3
<u>Information Regarding Nominees for Director</u>	3
<u>2012 Director Compensation Table</u>	6
<u>Corporate Governance</u>	7
<u>Director Independence</u>	8
<u>Board Leadership Structure</u>	9
<u>Board Meetings in 2012</u>	9
<u>Executive Sessions of the Board</u>	9
<u>Committees of the Board</u>	9
<u>Candidates for the Board</u>	11
<u>Communications with the Board</u>	12
<u>Certain Relationships and Related Party Transactions</u>	12
<u>PROPOSAL NUMBER 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	13
<u>Performance</u>	13
<u>Compensation</u>	14
<u>Corporate Governance</u>	15
<u>2013 Executive Compensation Program</u>	15
<u>PROPOSAL NUMBER 3 RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2013</u>	17
<u>Fees Paid to PricewaterhouseCoopers LLP</u>	17
<u>Audit Committee Pre-Approval Policies and Procedures</u>	18
<u>PROPOSAL NUMBER 4 APPROVAL OF THE HCC INSURANCE HOLDINGS, INC. 2013 EMPLOYEE STOCK PURCHASE PLAN</u>	19
<u>Description of the Employee Stock Purchase Plan</u>	19
<u>Certain U.S. Federal Income Tax Consequences</u>	20
<u>PROPOSAL NUMBER 5 RE-APPROVAL OF THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER THE HCC INSURANCE HOLDINGS, INC. 2008 FLEXIBLE INCENTIVE PLAN</u>	21
<u>Description of the 2008 FIP</u>	21
<u>Certain U.S. Federal Income Tax Consequences</u>	23
<u>New Plan Benefits</u>	24
<u>Existing Plan Benefits</u>	25

[Back to Contents](#)

<u>EXECUTIVE COMPENSATION</u>	<u>26</u>
<u>Compensation Discussion and Analysis</u>	<u>26</u>
<u>Compensation Committee Report</u>	<u>39</u>
<u>Compensation Tables</u>	<u>40</u>
<u>2012 Summary Compensation Table</u>	<u>40</u>
<u>All Other Compensation Table</u>	<u>41</u>
<u>2012 Grants of Plan-Based Awards Table</u>	<u>42</u>
<u>2012 Outstanding Equity Awards at Fiscal Year End Table</u>	<u>43</u>
<u>2012 Option Exercises and Stock Vested Table</u>	<u>44</u>
<u>2012 Nonqualified Deferred Compensation Table</u>	<u>44</u>
<u>Employment Agreements and Potential Payments Upon Certain Events</u>	<u>44</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>51</u>
<u>STOCK OWNERSHIP INFORMATION</u>	<u>52</u>
<u>Principal Stockholder and Beneficial Ownership</u>	<u>52</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>53</u>
<u>OTHER BUSINESS</u>	<u>53</u>
<u>STOCKHOLDER PROPOSALS</u>	<u>53</u>
<u>HOUSEHOLDING</u>	<u>54</u>
<u>FORM 10-K</u>	<u>54</u>
<u>APPENDIX A</u> <u>HCC INSURANCE HOLDINGS, INC. 2013 EMPLOYEE STOCK PURCHASE PLAN</u>	<u>A-1</u>
<u>APPENDIX B</u> <u>HCC INSURANCE HOLDINGS, INC. 2008 FLEXIBLE INCENTIVE PLAN</u>	<u>A-5</u>

[Back to Contents](#)

This page intentionally left blank

[Back to Contents](#)

HCC INSURANCE HOLDINGS, INC.

13403 Northwest Freeway

Houston, Texas 77040-6094

PROXY STATEMENT

Annual Meeting of Stockholders

To be held on May 22, 2013

INFORMATION CONCERNING SOLICITATION AND VOTING

This Proxy Statement is first being mailed on or about April 12, 2013 to stockholders of HCC Insurance Holdings, Inc. (“HCC,” “we,” “us,” “our,” or the “Company”) in connection with the solicitation by our Board of Directors (“Board”) of proxies to be voted at the Annual Meeting of Stockholders to be held on Wednesday May 22, 2013, at 9:00 a.m., Central Daylight time, at the headquarters of HCC Insurance Holdings, Inc. at 13403 Northwest Freeway, Houston, TX 77040, and any postponement or adjournment thereof (the “2013 Annual Meeting”). The Proxy Statement contains information relating to the proposals to be voted upon at the meeting, the voting process, our Board, the compensation of our Named Executive Officers (“NEOs”), and certain other information.

The solicitation of proxies is being made by HCC, and the cost of soliciting proxies will be borne by HCC. We have engaged D.F. King & Co., Inc. to assist us with the solicitation of proxies and expect to pay them an estimated fee of \$10,000 plus out of pocket expenses. Copies of solicitation material may be furnished to brokers, custodians, nominees and other fiduciaries for forwarding to beneficial owners of shares of our common stock, and normal handling charges may be incurred for such forwarding service. HCC will bear the expense of such charges. Solicitation of proxies may be made by mail, personal interview, telephone and facsimile by our officers and other employees, who will receive no additional compensation for their services.

Our principal executive offices are located at 13403 Northwest Freeway, Houston, Texas 77040.

Proposals to be Considered and Vote Required

The following proposals will be voted upon at the 2013 Annual Meeting:

-

The election of the 11 individuals named in this Proxy Statement to serve as members of our Board of Directors for a one-year term, each to serve until the 2014 Annual Meeting of Stockholders and until his or her successor is duly elected and qualified;

-

An advisory vote to approve the compensation of our Named Executive Officers;

- The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2013;

- The approval of the HCC Insurance Holdings, Inc. 2013 Employee Stock Purchase Plan; and

- The re-approval of the material terms of the performance goals under the HCC Insurance Holdings, Inc. 2008 Flexible Incentive Plan.

Only stockholders of record on April 1, 2013 (the “record date”) will be entitled to vote at the 2013 Annual Meeting, and each share will be entitled to one vote. At the close of business on the record date, there were 100,467,814 shares of our common stock outstanding and entitled to vote at the 2013 Annual Meeting.

Quorum and voting requirements are set forth in the Delaware General Corporation Law and our governing documents. A majority of the outstanding shares of our common stock, entitled to vote and represented in person or by proxy, will constitute a quorum at the 2013 Annual Meeting. Abstentions, withhold votes and broker non-votes (described below) are counted as present for purposes of determining the presence of a quorum.

Under our Third Amended and Restated Bylaws (the “Bylaws”), in the uncontested election of directors, such as is the case this year, directors are elected by a majority of votes cast in person or by proxy at the Annual Meeting. In order to be elected, the number of shares cast “FOR” a director nominee must exceed the number of shares cast “AGAINST” such director nominee. In the event of a contested election, the election of directors will be determined by a plurality of the votes cast, which means that the 11 nominees who receive the highest number of votes will be elected. Votes may not be cumulated. Abstentions, withhold votes and broker non-votes will not be counted as cast and, therefore, will not impact the outcome of the election of directors.

[Back to Contents](#)

The affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy at the 2013 Annual Meeting and entitled to vote on the matter is required for (i) the approval, on an advisory basis, of our executive compensation, (ii) the ratification of our independent registered public accounting firm, (iii) the approval of the 2013 Employee Stock Purchase Plan, and (iv) the re-approval of the material terms of the performance goals under the 2008 Flexible Incentive Plan. As a result, abstentions have the effect of an against vote, but broker non-votes do not have the effect of an against vote.

If you hold your shares in “street name” through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion on some of the items to be acted upon, including the election of our directors, the advisory vote on executive compensation, and the advisory vote on frequency of future advisory votes on executive compensation. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those items (“broker non-votes”). Our Board does not anticipate calling for a vote on any matter other than those described herein.

How to Vote

Each stockholder is entitled to one vote for each share of common stock on all matters presented at the 2013 Annual Meeting. Stockholders do not have the right to cumulate their votes for the election of directors. Shares may be voted via the following procedures:

Voting In-Person.

Stockholders of Record. Shares held directly in your name as the stockholder of record may be voted in person at the 2013 Annual Meeting. If you choose to vote in person at the 2013 Annual Meeting, please bring your proxy card and proof of personal identification.

Beneficial Owners. Shares held in street name may be voted in person by you only if you obtain a legal proxy from the shareholder of record giving you the right to vote the shares.

Voting via the Internet. Shares may be voted via the Internet at www.proxyvote.com. Your voting instructions will be accepted up until 11:59 P.M. Eastern Daylight Time on May 21, 2013. Have your proxy card in hand when you access the web site and follow the instructions given.

Voting via Mobile Devices. Shares may be voted via a mobile device by scanning this QR Code. Your voting instructions will be accepted up until 11:59 P.M. Eastern Daylight Time on May 21, 2013. Have your proxy card in hand when you access the web site and follow the instructions given.

Voting via Telephone. Shares may be voted via any touch-tone telephone at 1-800-690-6903. Your voting instructions will be accepted up until 11:59 P.M. Eastern Daylight Time on May 21, 2013. Have your proxy card in hand when you call and follow the instructions given.

Voting via Mail. Shares may be voted via mail by marking, signing and dating your proxy card and returning it in the postage-paid envelope to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

Even if you currently plan to attend the 2013 Annual Meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting. Submitting your proxy via internet, mobile device, telephone or mail does not affect your right to vote in person at the 2013 Annual Meeting.

Voting of Proxies

By giving your proxy, you grant the right to vote your shares to Christopher J.B. Williams, our Chief Executive Officer, and Randy D. Rinicella, our Senior Vice President, General Counsel and Secretary. If you return a signed, but unmarked proxy card, your shares will be voted (i) **FOR** the election of each of the director nominees named herein, (ii) **FOR** approval, on an advisory basis, of the compensation of our Named Executive Officers, (iii) **FOR** ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm, (iv) **FOR** approval of the HCC Insurance Holdings, Inc. 2013 Employee Stock Purchase Plan, and (v) **FOR** re-approval of the material items of the performance goals under the HCC Insurance Holdings, Inc. 2008 Flexible Incentive Plan.

A proxy may be revoked at any time prior to 11:59 p.m., Eastern Daylight Time, on May 21, 2013. Such right of revocation is not limited by or subject to compliance with any formal procedure, but may be accomplished by (i) voting again via the Internet, any mobile device or telephone, (ii) requesting, completing and returning a second proxy card, (iii) giving written notice to the Secretary of the Company, or (iv) by voting in person at the 2013 Annual Meeting.

[Back to Contents](#)**PROPOSAL NUMBER 1 ELECTION OF DIRECTORS**

The Company has nominated the individuals listed below to serve as members of our Board until his or her successor is duly elected and qualified at the 2014 Annual Meeting of Stockholders or, if earlier, his or her death, resignation or removal. Each of the nominees is currently a director of HCC. Our Board has affirmatively determined that each of Mr. Ballases, Ms. Bozeman, Mr. Bramanti, Mr. Duer, Dr. Flagg, Mr. Hamilton, Ms. Heisz, Mr. Rosholt and Mr. Thomas are “independent” directors, as that term is defined in the listing standards of the New York Stock Exchange (“NYSE”) and in our own Corporate Governance Guidelines. Such directors are collectively referenced in this Proxy Statement as “Independent Directors.”

Each of the proposed nominees has consented to stand for election as members of our Board. We believe that each of our current directors has served our stockholders’ interests well during his or her tenure as a director and will continue to do so. We believe that HCC and its stockholders benefit from the wide variety of industry and professional experience that characterizes the members of our Board. Although our Board does not contemplate that any of the nominees will be unable to serve, if such a situation arises prior to the 2013 Annual Meeting, the Board may reduce the size of the Board accordingly, or the persons named in the enclosed form of proxy will vote in accordance with their best judgment for any substitute nominee.

The following table presents information concerning the individuals nominated for election as directors of HCC, including current membership on committees of our Board, principal occupation or affiliations during the last five years, and certain directorships held during the last five years. Also included in the information below is a description of the particular experience, qualifications, attributes and skills that led our Board to conclude that each individual should serve as a member of the Board. Generally, the Board believes that its members should have integrity, superior business judgment, and an understanding of the operational, financial and regulatory requirements of running a successful global business.

Information Regarding Nominees for Director

Name	Experience and Qualifications	Age	Served as Director Since
Emmanuel T. Ballases	Mr. Ballases served as the Chairman of the Houston region of JP Morgan Chase Bank, NA from 2004 to 2010 and as Vice Chairman from 2010 until his retirement in 2012. From 2002 until its merger with JP Morgan Chase Bank in 2004, he served as the Chairman of the Southwest region of Bank One, NA. Prior to that time, Mr. Ballases held a variety of executive roles at various banks, including Bank One, Team Bank and Texas Commerce Bank. Mr. Ballases is a member of our Compensation Committee and our Enterprise Risk Oversight Committee.	64	2012

Mr. Ballases has many years of experience in corporate finance and capital markets transactions. This experience, combined with the

leadership experience he developed during his commercial banking career, led the Board to conclude that he should serve as a director.

Since 1982, Ms. Bozeman has served as Chairman of the Board of Woodway Financial Advisors, a Trust Company that provides wealth management, estate and trust administration and financial planning, and that currently has trust and investment assets under management in excess of \$1.4 billion. As the firm's founder, she also served as its President and Chief Executive Officer from 1982 through 2006.

Judy C. Bozeman Ms. Bozeman is Chairperson of our Compensation Committee and a member of our Investment and Finance Committee.

70

2009

Ms. Bozeman has more than 30 years of experience in the financial services industry, during which time she developed significant expertise in the areas of investments, asset allocation and investment management and financial analysis. These skills led the Board to conclude that she should serve as a director.

Mr. Bramanti served as our Chief Executive Officer from 2006 to May 2009. Prior to being appointed as CEO in 2006, Mr. Bramanti had been retired from his position as an Executive Vice President of HCC since the end of 2001. From 1980 until his retirement, he served HCC in various capacities, including as director, Secretary, Chief Financial Officer and interim President. Mr. Bramanti is Chairperson of our Enterprise Risk Oversight Committee and a member of our Investment and Finance Committee.

Frank J. Bramanti

56

1997

Mr. Bramanti has over 20 years of experience in the insurance industry gained from his many years of service as an executive of HCC, including as its CEO. This experience led the Board to conclude that he should serve as a director.

[Back to Contents](#)

Name	Experience and Qualifications	Age	Served as Director Since
Walter M. Duer	Mr. Duer is a Certified Public Accountant. He was a partner at the international accounting firm KPMG LLP from 1968 until his retirement in 2004. Mr. Duer is a member of our Audit Committee and our Enterprise Risk Oversight Committee.	66	2004
James C. Flagg, Ph.D.	<p>With more than 40 years of experience as a CPA, Mr. Duer brings broad operational, financial and industry experience to the Board. During much of his tenure at KPMG Mr. Duer's work was focused on the insurance sector. His long experience and detailed knowledge of the factors influencing the insurance industry led the Board to conclude that he should serve as a director.</p> <p>Dr. Flagg is a Certified Public Accountant. He is also an Associate Professor in the Department of Accounting in the Mays Business School at Texas A&M University, starting in 1988. Dr. Flagg holds a Master of Science in Economics, an M.B.A. and a Ph.D. in Accounting. Dr. Flagg is Chairperson of our Audit Committee and a member of our Nominating and Corporate Governance Committee. He is a member of the board and Assistant Presiding Officer of the Texas State Board of Public Accountancy. Until 2007, Dr. Flagg was also on the board of directors and chair of the audit committee of EGL, Inc. (Nasdaq: EAGL).</p>	61	2001
Thomas M. Hamilton	<p>Dr. Flagg has extensive experience in the accounting industry and in-depth knowledge of public company auditing practices. That experience and his background in economics, coupled with his significant experience on the board of another publicly-traded company, including his service as chair of its audit committee, led the Board to conclude that he should serve as a director.</p> <p>Mr. Hamilton has been co-owner of Medora Investments, a private investment firm, since 2003. He served as Chairman, President and Chief Executive Officer of EEX Corporation from 1997 until his retirement in 2002. Prior to 1997, Mr. Hamilton held various executive positions at other oil and gas companies, including Pennzoil-Quaker State Company, BP p.l.c. and Exxon Mobil Corporation. Mr. Hamilton is a member of our Compensation Committee and is Chairperson of our Nominating and Corporate Governance Committee. Mr. Hamilton is also a member of the board of directors, a member of the audit committee and chair of the compensation committee of FMC Technologies, Inc. (NYSE: FTI), a member of the board of directors and</p>	69	2008

chairman of the compensation committee of Hercules Offshore, Inc. (Nasdaq: HERO), and chairman of the board of directors of Methanex Corporation (Nasdaq: MEOH). He also served as a member of the board of directors of Western Gas Resources (NYSE: WES) from January 2006 to August 2006.

Mr. Hamilton has a strong knowledge of international business and strategic planning and an expertise in the area of corporate governance. These traits, along with Mr. Hamilton’s significant management and leadership experience as a former chief executive officer and member of the boards of directors of several publicly-traded companies, including his service as chairman at one of those companies, led the Board to conclude that he should serve as a director.

Ms. Heisz was a managing director of Lazard Freres & Co. LLC, where she provided strategic financial advisory services for clients in a variety of industries, from 2004 until April 2010. From 2003 to 2004, she served as a Senior Advisor at Lazard. Prior to that time, Ms. Heisz served as a managing director of Wasserstein Perella & Co. (and its successor Dresdner Kleinwort Wasserstein) from 1996 until 2002 and as a director from 1995 to 1996, where she specialized in mergers and acquisitions and leveraged finance. During a majority of that time she led Wasserstein’s Gaming and Leisure Group and its Los Angeles office. Prior to 1995, Ms. Heisz served as a Vice President at Salomon Brothers Inc., where she developed the firm’s industry-leading gaming practice, and as a senior consultant at Price Waterhouse, where she specialized in strategic information systems. Ms. Heisz is is Chairperson of our Investment and Finance Committee and a member of our Nominating and Corporate Governance Committee. She is also a member of the board of directors, a member of the executive committee, and chair of the audit committee of Ingram Micro (NYSE: IM) and a member of the board of directors, the risk committee and the audit committee of Towers Watson & Co. (NYSE: TW). Ms. Heisz previously served as a member of the board of directors of International Game Technology (NYSE: IGT) from 2003 until 2008. During that time she served as chair of the audit committee and the nominating committee. Ms. Heisz also served as a member of the board of managers of Eldorado Resorts LLC from 1996 until 2008.

Leslie S. Heisz

52

2010

Ms. Heisz has strong leadership skills and financial expertise gained during her career as an investment banking executive with Lazard, Wasserstein and Salomon Brothers. These factors, combined with her broad knowledge of mergers and acquisitions and her experience on the boards of directors of other publicly-traded companies, led the Board to conclude that she should serve as a director.

[Back to Contents](#)

Name	Experience and Qualifications	Age	Served as Director Since
John N. Molbeck, Jr.	<p>Mr. Molbeck served as our Chief Executive Officer from May 2009 until December 2012. From 2006 to May 2009, he served as our President and Chief Operating Officer, a position he also held from 1997 to 2002. From 2003 through 2005, Mr. Molbeck served as Chief Executive Officer of Jardine Lloyd Thompson LLC, a retail insurance brokerage firm, which was, at the time, a subsidiary of Jardine Lloyd Thompson Group, plc. Prior to initially joining HCC in 1997, Mr. Molbeck had served as the Managing Director of Aon Natural Resources Group, a subsidiary of Aon Corporation. Mr. Molbeck is a member of our Investment and Finance Committee and our Enterprise Risk Oversight Committee.</p>	66	2005
Robert A. Rosholt	<p>Mr. Molbeck has extensive knowledge and understanding of critical areas of the insurance industry gained through decades of service in positions of increasing responsibility. He also has extensive knowledge of HCC, its operations and strategy, gained from his many years of service as an executive of HCC, including most recently as our CEO. As a result, the Board concluded that Mr. Molbeck should serve as a director.</p> <p>Mr. Rosholt served as the Chief Financial Officer for Nationwide Mutual Insurance Company from 2002 until his retirement in 2008. Prior to joining Nationwide, Mr. Rosholt served as Executive Vice President and Chief of Operations at the US Risk Services unit of Aon Corporation, a leading global provider of risk management services, insurance and reinsurance brokerage and human capital consulting, from 2000 to 2002. From 1993 to 2000, he served as Chief Financial Officer at First Chicago Corporation and its successor companies, including Bank One and FCCNBD, where he had oversight for capital and asset liability management, as well as proprietary investment activities.</p> <p>Prior to 1993, Mr. Rosholt held a variety of increasingly responsible positions at First Chic</p>		