

ENDURANCE SPECIALTY HOLDINGS LTD
Form SC 13G/A
February 14, 2006

**UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**
Washington, D.C. 20549
SCHEDULE 13G

**Under the Securities Exchange Act of 1934
(Amendment No. 2)***

ENDURANCE SPECIALTY HOLDINGS LTD.

(Name of Issuer)

ORDINARY SHARES, \$1.00 PAR VALUE

(Title of Class of Securities)

016404934

(CUSIP Number)

DECEMBER 31, 2005

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 016404934

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Aon Corporation
36-3051915
2. Check the Appropriate Box if a Member of a Group (See Instructions)
(a)
(b)
3. SEC Use Only
4. Citizenship or Place of Organization
Delaware
5. Sole Voting Power
- 0 -
6. Shared Voting Power
- 0 -
7. Sole Dispositive Power
- 0 -
8. Shared Dispositive Power
- 0 -
9. Aggregate Amount Beneficially Owned by Each Reporting Person
0 Ordinary Shares
10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)
11. Percent of Class Represented by Amount in Row (9)
0.00%
12. Type of Reporting Person (See Instructions)
HC, CO

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

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CUSIP No. 016404934

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Virginia Surety Company, Inc.

(formerly known as Combined Specialty Insurance Company)

36-3186541

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Illinois

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

5. Sole Voting Power
3,157,395

6. Shared Voting Power
- 0 -

7. Sole Dispositive Power
3,157,395

8. Shared Dispositive Power
- 0 -

9. Aggregate Amount Beneficially Owned by Each Reporting Person
3,157,395 Ordinary Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
4.78%

12. Type of Reporting Person (See Instructions)
IC, CO

CUSIP No. 016404934

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
 Combined Insurance Company of America

36-2136262

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)
 (b)

3. SEC Use Only

4. Citizenship or Place of Organization

Illinois

Number of
 Shares
 Beneficially
 Owned by
 Each
 Reporting
 Person With

5. Sole Voting Power
 783,035

6. Shared Voting Power
 - 0 -

7. Sole Dispositive Power
 783,035

8. Shared Dispositive Power
 - 0 -

9. Aggregate Amount Beneficially Owned by Each Reporting Person
 783,035 Ordinary Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
 1.19%

12. Type of Reporting Person (See Instructions)
 IC, CO

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CUSIP No. 016404934

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Resource Life Insurance Company

47-0482911

2. Check the Appropriate Box if a Member of a Group (See Instructions)
(a)
(b)

3. SEC Use Only

4. Citizenship or Place of Organization
Illinois

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

- | | |
|----|-----------------------------------|
| 5. | Sole Voting Power 54,125 |
| 6. | Shared Voting Power - 0 - |
| 7. | Sole Dispositive Power 54,125 |
| 8. | Shared Dispositive Power - 0 - |

9. Aggregate Amount Beneficially Owned by Each Reporting Person
54,125 Ordinary Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
.08%

12. Type of Reporting Person (See Instructions)
IC, CO

CUSIP No. 016404934

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
London General Insurance Company Limited

1FSF791301

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)
 (b)

3. SEC Use Only

4. Citizenship or Place of Organization

United Kingdom

Number of
 Shares
 Beneficially
 Owned by
 Each
 Reporting
 Person With

5. Sole Voting Power
41,495

6. Shared Voting Power
 - 0 -

7. Sole Dispositive Power
41,495

8. Shared Dispositive Power
 - 0 -

9. Aggregate Amount Beneficially Owned by Each Reporting Person
41,495 Ordinary Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
.06%

12. Type of Reporting Person (See Instructions)
IC, CO

CUSIP No. 016404934

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Sterling Life Insurance Company

13-1867829

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)
 (b)

3. SEC Use Only

4. Citizenship or Place of Organization

Illinois

Number of
 Shares
 Beneficially
 Owned by
 Each
 Reporting
 Person With

5. Sole Voting Power
 36,085

6. Shared Voting Power
 - 0 -

7. Sole Dispositive Power
 36,085

8. Shared Dispositive Power
 - 0 -

9. Aggregate Amount Beneficially Owned by Each Reporting Person
 36,085 Ordinary Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
 .05%

12. Type of Reporting Person (See Instructions)
 IC, CO

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CUSIP No. 016404934

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Combined Life Assurance Company of Europe Limited

1FSF938302

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)
(b)

3. SEC Use Only

4. Citizenship or Place of Organization
Ireland

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

5. Sole Voting Power
27,065

6. Shared Voting Power
- 0 -

7. Sole Dispositive Power
27,065

8. Shared Dispositive Power
- 0 -

9. Aggregate Amount Beneficially Owned by Each Reporting Person
27,065 Ordinary Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
.04%

12. Type of Reporting Person (See Instructions)
IC, CO

CUSIP No. 016404934

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Aon Warranty Services, Inc.

36-4099665

2. Check the Appropriate Box if a Member of a Group (See Instructions)
(a)
(b)

3. SEC Use Only

4. Citizenship or Place of Organization
Illinois

| | | |
|---|----|-----------------------------------|
| Number of Shares Beneficially Owned by Each Reporting Person With | 5. | Sole Voting Power - 0 - |
| | 6. | Shared Voting Power - 0 - |
| | 7. | Sole Dispositive Power - 0 - |
| | 8. | Shared Dispositive Power - 0 - |

9. Aggregate Amount Beneficially Owned by Each Reporting Person
0 Ordinary Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
0.00%

12. Type of Reporting Person (See Instructions)
IC, CO

CUSIP No. 016404934

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Aon Pension Plan

2. Check the Appropriate Box if a Member of a Group (See Instructions)
(a)
(b)

3. SEC Use Only

4. Citizenship or Place of Organization
Not Applicable

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

5. Sole Voting Power
- 0 -

6. Shared Voting Power
- 0 -

7. Sole Dispositive Power
- 0 -

8. Shared Dispositive Power
- 0 -

9. Aggregate Amount Beneficially Owned by Each Reporting Person
0 Ordinary Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)
0.00%

12. Type of Reporting Person (See Instructions)
EP

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Item 1.

- (a) Name of Issuer
Endurance Specialty Holdings Ltd.
- (b) Address of Issuer's Principal Executive Offices
Wellesley House

90 Pitts Bay Road

Hamilton HM 08 Bermuda

Item 2.

- (a) Name of Person Filing

Aon Corporation (Aon) is filing this amendment to Schedule 13G on behalf of itself and certain of its subsidiaries and affiliates, including Virginia Surety Company, Inc. (formerly known as Combined Specialty Insurance Company) (VSC), Combined Insurance Company of America (CICA), Resource Life Insurance Company (Resource Life), London General Insurance Company Limited (London General), Sterling Life Insurance Company (Sterling Life), Combined Life Assurance Company of Europe Limited (CLACE), Aon Warranty Services, Inc. (AWS) and the Aon Pension Plan (the Pension Plan).
As required by Rule 13d-1(k)(1), Exhibit 1 to this Schedule 13G contains the Joint Filing Agreement entered into by each of the persons filing this joint disclosure statement.
- (b) Address of Principal Business Office or, if none, Residence
The principal business address of each of Aon and AWS is 200 East Randolph Street, Chicago, Illinois 60601. The principal business address of each of VSC, CICA, Resource Life and Sterling Life is 1000 N. Milwaukee Avenue, Glenview, Illinois 60025. The principal business address of London General is 8 Devonshire Square, London EC2M 4PL United Kingdom. The principal business address of CLACE is Merrion House, Merrion Road, Dublin 4, Ireland. The principal business address of the Aon Pension Plan is c/o Investment Committee, 200 East Randolph Street, Chicago, Illinois 60601.
- (c) Citizenship
Aon is a corporation organized under the laws of the State of Delaware. VSC, CICA, Resource Life, Sterling Life and AWS are insurance companies organized under the laws of the State of Illinois. London General is an insurance company organized under the laws of the United Kingdom. CLACE is an insurance company organized under the laws of Ireland. The Pension Plan is a trust formed under the Employee Retirement Income Security Act of 1974, as amended, for the funding of pension benefits.
- (d) Title of Class of Securities
Ordinary Shares, \$1.00 par value (Ordinary Shares)
- (e) CUSIP Number
016404934

Item 3.

- If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:
- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).
- (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i)

- (j)
 - o A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
Group, in accordance with §240.13d-1(b)(1)(ii)(J).

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1. See Items 5 through 9 and Item 11 on pages 2 through 9.

- (a) Amount beneficially owned:
 Aon, VSC, CICA, Resource Life, London General, Sterling Life and CLACE (collectively, the Aon Entities) collectively beneficially own 4,099,200 ordinary shares of Endurance Specialty Holdings Ltd. (Endurance) as of December 31, 2005.
 Since the filing on February 14, 2005 of Amendment No. 1 to the initial Schedule 13G, London General sold 111,335 ordinary shares of Endurance. These sales occurred between May 27, 2005 and June 3, 2005.
 As of December 31, 2005: (i) Aon was the record holder of 0 ordinary shares of Endurance; (ii) VSC was the record holder of warrants to purchase 3,157,395 ordinary shares of Endurance; (iii) CICA was the record holder of warrants to purchase 783,035 ordinary shares of Endurance; (iv) Resource Life was the record holder of warrants to purchase 54,125 ordinary shares of Endurance; (v) London General was the record holder of warrants to purchase 41,495 ordinary shares of Endurance; (vi) Sterling Life was the record holder of warrants to purchase 36,085 ordinary shares of Endurance; (vii) CLACE was the record holder of warrants to purchase 27,065 ordinary shares of Endurance; (viii) AWS was the record holder of 0 ordinary shares of Endurance; and (ix) the Pension Plan was the record holder of 0 ordinary shares of Endurance. All of the warrants held by the Aon Entities to purchase ordinary shares of Endurance are immediately exercisable.
- (b) Percent of class:
 The aggregate amount of ordinary shares of Endurance beneficially owned by the Aon Entities is 6.21%.
 (According to the Issuer s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, which was filed on November 10, 2005, there were 66,007,139 ordinary shares outstanding on November 10, 2005. The reported percentage was derived using this number of ordinary shares outstanding.)
- (c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

| | |
|-----------------|-----------|
| Aon: | 0 |
| VSC: | 3,157,395 |
| CICA: | 783,035 |
| Resource Life: | 54,125 |
| London General: | 41,495 |
| Sterling Life: | 36,085 |
| CLACE: | 27,065 |
| AWS: | 0 |
| Pension Plan: | 0 |

(ii) Shared power to vote or to direct the vote

0 for each of the Aon Entities and the Pension Plan.

(iii) Sole power to dispose or to direct the disposition of

| | |
|-----------------|-----------|
| Aon: | 0 |
| VSC: | 3,157,395 |
| CICA: | 783,035 |
| Resource Life: | 54,125 |
| London General: | 41,495 |
| Sterling Life: | 36,085 |
| CLACE: | 27,065 |

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AWS: 0
Pension Plan: 0

(iv) Shared power to dispose or to direct the disposition of
0 for each of the Aon Entities and the Pension Plan.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following .

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person

Not applicable.

Item 8. Identification and Classification of Members of the Group

Not applicable.

Item 9. Notice of Dissolution of Group

Not applicable.

Item 10. Certification

Not applicable. This statement on Schedule 13G is not filed pursuant to Rule 13d-1(b) or Rule 13d-1(c).

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

AON CORPORATION

Date: February 14, 2006

By: /s/ Richard E. Barry
Name: Richard E. Barry
Title: Vice President

VIRGINIA SURETY COMPANY, INC.

Date: February 14, 2006

By: /s/ Richard E. Barry
Name: Richard E. Barry
Title: Vice President

COMBINED INSURANCE COMPANY OF AMERICA

Date: February 14, 2006

By: /s/ Richard E. Barry
Name: Richard E. Barry
Title: Vice President

RESOURCE LIFE INSURANCE COMPANY

Date: February 14, 2006

By: /s/ Richard E. Barry
Name: Richard E. Barry
Title: Vice President

LONDON GENERAL INSURANCE COMPANY LIMITED

Date: February 14, 2006

By: /s/ David L. Cole
Name: David L. Cole
Title: Chairman

STERLING LIFE INSURANCE COMPANY

Date: February 14, 2006

By: /s/ Richard E. Barry
Name: Richard E. Barry
Title: Vice President

COMBINED LIFE ASSURANCE COMPANY OF EUROPE
LIMITED

Date: February 14, 2006

By: /s/ Richard M. Ravin
Name: Richard M. Ravin
Title: Director

AON WARRANTY SERVICES, INC.

Date: February 14, 2006

By: /s/ Richard E. Barry
Name: Richard E. Barry
Title: Vice President

AON PENSION PLAN

Date: February 14, 2006

By: /s/ Jeremy G. O. Farmer
Name: Jeremy G. O. Farmer
Title: Vice President on behalf of Investment
Committee

EXHIBIT INDEX

| Exhibit Number | Description of Exhibit |
|---------------------------|--|
| 1 | Joint Filing Agreement, dated as of February 14, 2006, among each of the Filing Persons. |