



July 31, 2011

Ms. Mary L. Schapiro  
Chairman, U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

Re: Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers – Exploring a Possible Method of Incorporation

Dear Ms. Schapiro:

Endurance Specialty Holdings Ltd. ("Endurance") appreciates the opportunity to provide comments to the U.S. Securities and Exchange Commission ("SEC") on the staff paper "Exploring a Possible Method of Incorporation" released May 26, 2011 ("Staff Paper").

Endurance is a global specialty provider of property and casualty insurance and reinsurance. Through its operating subsidiaries, Endurance writes property, casualty, healthcare liability, agriculture and professional lines of insurance and property, catastrophe, casualty, aerospace and marine, and surety and other specialty lines of reinsurance. We prepare our consolidated financial statements in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Our gross premiums written were \$2.1 billion for the year ended December 31, 2010 and our shareholders' equity was \$2.8 billion at December 31, 2010.

### **Convergence vs. "Condorsement"**

Endurance supports the development of global, high quality financial reporting and accounting standards. Global standards would enhance comparability of companies across countries to enable investors and other primary users of financial statement information to make appropriate, informed investment decisions. Endurance supports the ongoing convergence efforts of the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") to reduce the differences between U.S. GAAP and International Financial Accounting Standards ("IFRS"). Endurance prefers the continuation of the current convergence approach over the "condorsement" approach discussed in the Staff Paper. The convergence approach would reduce the cost and burden of the transition to IFRS and would ensure U.S. specific issues are addressed and that U.S. investors are protected. The convergence approach should also be performed over a longer time horizon, which would ensure each standard is examined thoroughly and the quality of the converged standards is not compromised to meet a set deadline for full convergence of U.S. GAAP with IFRS. We believe that the SEC and FASB should not be constrained by any IASB deadlines, and instead should focus on developing high quality converged standards.



## **Cost of Transition**

We are concerned that the cost and burden of a full transition to IFRS will exceed the benefits gained through enhanced comparability among companies across countries. A "big bang" approach of adoption would cause a significant increase in resources required to adopt IFRS and would also incur additional costs, such as modifications to systems and additional training for the board of directors, executives, and the finance, actuarial, and information technology functions. We agree that the "condorsement" approach avoids some of the costs of a "big bang" approach, however we believe that continuation of the convergence approach would be the least costly and burdensome option.

## **U.S. Tailored**

Endurance supports the retention of the FASB as the U.S. national standard-setting body responsible for U.S. GAAP and the retention of the FASB's authority to modify or add guidance to address specific U.S. issuer concerns and protect U.S. investors. We expect that there will be areas where IFRS will not sufficiently address specific U.S. concerns or U.S. information requirements, and additional guidance from the FASB will be required. As we have seen from the ongoing work by the IASB and FASB on the Memorandum of Understanding projects, not all IFRS standards will be appropriate for U.S. issuers without some modifications. We believe that there is value in attempting to keep as close as possible to the true IFRS standards to promote comparability among companies in different countries, however we believe that in practice it will be impossible to create one standard which addresses all the needs of all the countries using IFRS – some variations between countries will be unavoidable. We believe that continuing the convergence efforts would be the most efficient and appropriate way of IFRS conversion which will ensure U.S.-specific concerns are addressed, rather than endorsing IFRS standards which may not address our concerns.

## **Transition Timeline**

The Staff Paper noted that under the "condorsement" approach, convergence would be completed within five to seven years. Endurance supports the convergence of U.S. GAAP with IFRS, however we believe that setting a specific deadline for convergence to be completed could result in lower quality converged standards. If the standard setters are required to have specific standards converged by a stated deadline, they may not have sufficient time to thoroughly evaluate the issues and consequences of conversion of each standard. We believe that the convergence approach should be followed until all significant areas of IFRS and U.S. GAAP are converged, as opposed to attempting to converge all standards within a stated deadline.



Thank you for consideration of our comments.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Michael J. McGuire".

Michael J. McGuire  
Chief Financial Officer  
Endurance Specialty Holdings Ltd.