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Sovereign Announces Change in Ownership Structure – XL to Exit Joint Venture; Sovereign to Become Wholly Owned by ACE

HAMILTON, Bermuda, January 23, 2006: Sovereign Risk Insurance Ltd. (“Sovereign” or “the company”), a joint venture between ACE Bermuda Insurance Ltd. (“ACE”) and XL Insurance (Bermuda) Ltd (“XL”), announced that effective February 1, 2006, it is intended that the company will become wholly owned by ACE and write business solely for ACE, subject to receipt of Bermuda regulatory approval and agreement of definitive documentation. Sovereign’s agency structure, underwriting team, limits and tenors will remain unchanged.

Price Lowenstein, President and Chief Executive Officer of Sovereign, commented: “We very much appreciate XL’s support over the past eight and a half years and wish them well in their emerging markets initiatives going forward. We are very excited about our new ownership structure and look forward to continuing to serve our clients’ needs in emerging markets.”

Brian O’Hara, XL Capital Ltd President and Chief Executive Officer also commented: “Sovereign has been a consistently profitable part of XL’s insurance operations since its formation in 1997 and I would like to commend the team at Sovereign for a job well done. Our exit stems from a change in our strategy for assuming risk in emerging markets, and we believe this restructuring is a win for all parties.”

Evan Greenberg, President and Chief Executive Officer of ACE Limited added: “ACE is delighted to have the opportunity to assume 100% ownership of Sovereign. Sovereign is globally recognized as one of the world’s preeminent political risk insurers and their results and track record speak for themselves.”

Sovereign is one of the world’s leading providers of political risk insurance and reinsurance. Sovereign's portfolio exceeds \$6.5 billion of exposure spread over 75 emerging markets. Sovereign's clients include financial institutions, national export credit agencies, leading multilateral agencies and multinational corporations. Sovereign is also a member of the Berne Union (the International Union of Credit and Investment Insurers). Additional information is available on Sovereign's website: www.sovereignbermuda.com.