



News Release

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FOR IMMEDIATE RELEASE

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New Political Risk Facility to be Formed in Bermuda

HAMILTON, Bermuda, March 4, 1997 -- Responding to increasing levels of foreign direct investment including projects in developing countries, and rising demand for political risk insurance, A.C.E. Insurance Company, Ltd. ("ACE"), X.L. Insurance Company, Ltd. ("XL") and Risk Capital Reinsurance Company ("RC Re") have entered into an agreement to form a managing general agency in Bermuda to provide underwriting services to the three organizations for political risk insurance coverage. Marsh & McLennan Risk Capital Corp. acted as an advisor to the transaction.

The new company, Sovereign Risk Insurance Limited ("Sovereign"), will issue subscription policies with ACE, XL and RC Re underwriting 45%, 45% and 10%, respectively. Sovereign will initially offer limits of up to \$50 million per project and \$100 million per country. Sovereign's per country limits are expected to increase to \$500 million by the fifth year of operations. Sovereign anticipates receiving submissions from a global client base through Bermuda-based intermediaries.

Brian Duperreault, chairman, president and chief executive officer of A.C.E. Insurance Company, Ltd. said: "We feel the timing is excellent for a new entity to enter the private sector political risk insurance market. Through a flexible, client-driven approach to this business, we are confident that Sovereign will quickly become a major player in this market."

Brian O'Hara, chairman and chief executive officer of X.L. Insurance Company, Ltd. added: "We believe the combined resources and financial strength of ACE, XL and RC Re will provide significant new capacity in this dynamic area, not only to our core customers, but also to other international investors."

Mr. Price Lowenstein, 37, formerly with Guy Carpenter & Co., Inc. in San Francisco, has nine years experience in the political risk insurance business and will become president and chief executive officer of Sovereign Risk Insurance Limited. His office will be located at Cumberland House, One Victoria Street, Hamilton HM 11, Bermuda (Interim telephone number c/o XL: 441-292-8515).

The ACE group of companies provides insurance and reinsurance for a diverse group of international clients. ACE Limited (NYSE: ACL), through its Bermuda-based subsidiaries, A.C.E. Insurance Company, Ltd., Corporate Officers & Directors Assurance Ltd. and Tempest Reinsurance Company Limited, provides excess liability insurance, directors and officers liability insurance, and property catastrophe reinsurance, as well as satellite, aviation, excess property, and financial lines coverages. ACE also owns three Lloyd's managing agencies, Methuen Group Limited, ACE London Aviation Limited and ACE London Underwriting Limited, and provides corporate capital to Lloyd's syndicates under their management. At December 31, 1996, ACE Limited had in excess of \$2.3 billion in shareholders' equity and over \$4.7 billion in assets.

EXEL Limited (NYSE: XL), through X.L. Insurance Company, Ltd., X.L. Europe Insurance and X.L. Reinsurance Company, Ltd. is a leading provider of general liability, directors and officers liability, employment practices and professional liability, excess property insurance and reinsurance coverages to industrial, commercial and professional service firms and other enterprises on a worldwide basis. EXEL Limited, with its primary share listing on the New York Stock Exchange, currently has a market capitalization of more than U.S.\$3.5 billion.

Risk Capital Holdings, Inc. (NASDAQ: RCHI), through its wholly owned subsidiary Risk Capital Reinsurance Company, provides both capital and reinsurance, either on a stand-alone basis, or as part of integrated solutions for insurance companies with capital needs that cannot be met by reinsurance alone.

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