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FOR IMMEDIATE RELEASE

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***SOVEREIGN ANNOUNCES FINANCIAL RESULTS FOR
FOURTH YEAR OF OPERATIONS***

HAMILTON, Bermuda, July 31, 2001- Sovereign Risk Insurance Ltd. (Sovereign) today announced financial results for its fourth year of operations. For the fiscal year July 1, 2000 - June 30, 2001, Sovereign underwrote 52 new political risk insurance policies. Sovereign's gross premium revenue was \$52.5 million, with net revenue of \$40.7 million. This compares with \$31.3 million in gross premium revenue and \$23.5 million in net revenue in FY 1999/2000. Sovereign's combined ratio for the year was 40% and expense ratio was 11%.

Price Lowenstein, President and Chief Executive Officer of Sovereign, commented that he is "very pleased by these results. In addition to very positive revenue growth, we also achieved a number of key strategic goals this year. We believe that we are well positioned for further growth of our business in year five and I would like to thank our clients and our two shareholders, ACE Bermuda and XL Insurance, for their tremendous support this year."

Brian Duperreault, Chairman of ACE Bermuda Insurance Ltd. noted that "these results confirm that Sovereign is one of the world's preeminent political risk insurers after only four years in business. ACE Bermuda is delighted by Sovereign's results and we look forward to working with XL Insurance and the staff at Sovereign to further strengthen and build Sovereign's worldwide business."

Brian O'Hara, Chairman of XL Insurance Ltd added "Sovereign's significant increase in volume and revenue this year attest to the global recognition and credibility they have established. We are excited about working with Sovereign and ACE Bermuda to achieve our common goal of building Sovereign into the most innovative and respected political risk insurer in the world."

Sovereign is a specialized political risk insurer and reinsurer based in Bermuda. Sovereign's portfolio exceeds US\$4 billion of exposure spread over 60 emerging markets. Sovereign's clients include financial institutions, national export credit agencies, multilateral institutions and multinational corporations. Sovereign is a 50-50 joint venture between XL Insurance Ltd, a wholly-owned subsidiary of XL Capital Ltd (NYSE: XL), and ACE Bermuda Insurance Ltd., a wholly-owned subsidiary of ACE Limited (NYSE: ACL). Additional information is available on Sovereign's website: www.sovereignbermuda.com.
