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FOR IMMEDIATE RELEASE

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**SOVEREIGN RISK ANNOUNCES COMPLETION OF LANDMARK
CAPITAL MARKETS TRANSACTION IN ARGENTINA**

***Largest Capital Markets Transaction to Date to
Benefit from Political Risk Insurance***

HAMILTON, Bermuda, February 21, 2001 - Sovereign Risk Insurance Ltd. (Sovereign) has announced the completion of its first political risk insurance policy for a capital markets transaction. The policy was issued in connection with a \$234 million offering of notes due 2015 issued by the Salta Hydrocarbon Royalty Trust.

The 15-year, \$74 million policy covers up to 31 months of interest payments on the notes against the risks of currency inconvertibility and currency nontransfer and is the largest policy ever for a capital markets transaction insured by a private political risk insurer.

Underwritten by Lehman Brothers, Banco Macro, S.A. and Santander Central Hispano Investment and rated by Standard & Poor s, Moody's and Fitch Inc., the notes are collateralized by certain oil and gas royalties due to the Province of Salta in Argentina under existing concessions. Sovereign's political risk coverage enabled the bonds to achieve an investment grade rating of BBB-, which is 3 notches above Argentina's sovereign rating of BB-.

Price Lowenstein, Sovereign's President & CEO commented, "We think that the completion of the Salta transaction marks a significant expansion of Sovereign's product availability and a further evolution in the use of political risk insurance in the capital markets. We believe that utilizing political risk insurance to elevate the ratings for these types of emerging market securitizations above the sovereign ceiling in sub-investment grade countries will be an increasingly popular structure."

According to Mia Koo, Director in Fitch Inc.'s International Structured Finance Group: "This transaction marks the first time an Argentine province has accessed the capital markets with an investment grade rating, due in part to the risk mitigation provided by Sovereign's policy. Fitch believes that the Salta transaction marks two trends that will continue through 2001: Argentine provincial debt issuance and increased use of political risk insurance to mitigate sovereign risks."

Bermuda-based Sovereign is one of the world's leading providers of political risk insurance and reinsurance to financial institutions, national export credit agencies, multilateral developmental agencies and global equity investors. Sovereign has the ability to issue political risk insurance policies for amounts up to \$125 million and for periods of up to 15 years. Sovereign is a 50-50 joint venture between ACE Bermuda Insurance, Ltd., a wholly owned subsidiary of ACE Limited (NYSE: ACL) and XL Insurance Ltd, a wholly owned subsidiary of XL Capital Ltd (NYSE: XL). More information can be found on Sovereign's website: www.sovereignbermuda.com
