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#### SOVEREIGN INCREASES POLITICAL RISK CAPACITY AND EXPANDS COVERAGE

HAMILTON, Bermuda, August 3, 1998 - Sovereign Risk Insurance Ltd., (“Sovereign”) the Bermuda-based political risk insurance underwriting agency, has announced that it will begin its second year of operations with substantially larger project and country limits as well as expanded coverage lines.

Price Lowenstein, Sovereign's President and CEO, said that Sovereign will double its perproject capacity limit to \$100 million and its country limits will increase to \$250 million. Mr. Lowenstein also announced that it has expanded its line of political risk products to include Contract Frustration insurance.

"We are extremely pleased by the successful results of our first year of operations and are off to a great start in our second year," said Mr. Lowenstein. "Sovereign's higher Eimits and expanded coverage lines provide us with much greater underwriting capacity and flexibility to more effectively respond to the specific coverage needs of our clients."

Sovereign, formed as a joint venture between ACE Limited (NYSE:ACL), EXEL Limited (NYSE:XL) and Risk Capital Holdings (NYSE:RCHI), began its second year of operations m July 1. Sovereign writes political risk coverage on be-half of ACE (rated A+ by Standard & Poor's) and EXEL (rated AA by Standard & Poor's). Sovereign may be contacted through insurance brokers or directly at (441) 296-4279.