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### **For Immediate Release**

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## **SOVEREIGN RISK ISSUES A CAPITAL MARKET POLICY FOR A MORTGAGE-BACKED SECURITIZATION IN COSTA RICA**

HAMILTON, Bermuda, September 9, 2002 - Sovereign Risk Insurance Ltd. ("Sovereign") announced the completion of a political risk insurance policy for a capital markets transaction in Costa Rica. The policy was issued in support of a \$49.7 million securitization of residential mortgage-backed bonds, the first such securitization in Costa Rica. The transaction was rated AAA by Standard & Poor's Corporation, a division of the McGraw Hill Companies, Inc. and Aaa by Moody's Investors Service, Inc. This is the first time the rating agencies have assigned a transaction a higher rating than the sovereign rating of Costa Rica (BB/Ba2), which reflects the structure and enhancements including the added support to the transaction by the transfer and convertibility policy issued by Sovereign, as well as a financial guarantee policy issued by Sovereign's affiliate company, XL Capital Assurance Inc. The transaction was also the first securitization by the banks, Banco Interfin S.A and Banco de San Jose S.A., the second and third largest private financial institutions in Costa Rica, respectively, which originated the mortgages.

The 15-year political risk insurance policy covers up to 30 months of interest payments on the bonds against the risks of currency inconvertibility and currency nontransfer. Raymond James served as arranger and sole placement agent for the bonds.

Christina Westholm-Schroder, Sovereign's Chief Underwriter commented, "We are pleased to have been able to assist Banco Interfin and Banco de San Jose in this pioneering transaction. This transaction marks a continued expansion in the use of Sovereign's capital markets product to support issuers in emerging markets. It also testifies to the increased utilization of political risk insurance to facilitate emerging market issuers' access to international investors requiring rated instruments. "

Devinda R. Subasinghe, Vice President with Raymond James, and the principal responsible for arranging the transaction said that “Raymond James is very pleased to have successfully closed a ground breaking mortgage securitization transaction for its clients, Banco Interfin and Banco de San Jose.” He further noted that the transaction had many “firsts”, which required a concerted effort from the various participants to work together to reach the desired outcome and to deliver to the banks a solution that met their objectives for accessing global capital markets.

Sovereign is one of the world’s leading providers of political risk insurance and reinsurance. Sovereign’s clients include financial institutions, national export credit agencies, multilateral developmental agencies, capital markets and global equity investors. Sovereign’s global portfolio exceeds \$6 billion, spread over more than 90 emerging markets. Sovereign can issue individual political risk insurance policies for amounts up to \$125 million and for periods up to 15 years. Sovereign, which is based in Bermuda, is a 50-50 joint venture between ACE Bermuda Insurance Ltd., a wholly owned subsidiary of ACE Limited (NYSE: ACE) and XL Insurance (Bermuda) Ltd, a wholly owned subsidiary of XL Capital Ltd (NYSE: XL). More information can be found on Sovereign's website: [www.sovereignbermuda.com](http://www.sovereignbermuda.com).

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