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**Corporate  
News  
Release**

**FOR IMMEDIATE RELEASE**

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**SOVEREIGN RISK LAUNCHES NEW CAPITAL MARKETS PRODUCT**

HAMILTON, Bermuda, April 12, 2000 - Sovereign Risk Insurance Ltd., the Bermuda-based political risk insurance joint venture between ACE Limited (NYSE: ACL) and XL Capital Ltd (NYSE: XL), has announced that it is offering a new political risk insurance product tailored specifically for cross border capital markets transactions. Sovereign's new capital markets product covers bond offerings by emerging market issuers against currency inconvertibility and currency nontransfer risks in the country of the issuer. The capital markets political risk insurance is designed to enable issuers in emerging markets to achieve higher foreign currency ratings from ratings agencies on the insured bond offerings. With higher ratings, the issuers will be able to attract funding from a broader range of investors while reducing their financing costs.

Sovereign has per-project limits of \$125 million and is able to provide tenors out to 15 years, making this coverage particularly well suited for cross border 144A bond offerings and private placements. "By adding our political risk coverage to the structure of bond offerings and removing the currency inconvertibility and currency nontransfer risks, many emerging market issuers will now be able to obtain an investment grade rating, regardless of the rating of the issuer's country. This will be a valuable enhancement feature for project and corporate bond issuers in the emerging markets," commented Price Lowenstein, Sovereign's President and CEO. Sovereign is already considering several transactions that would benefit from this coverage.

Sovereign, formed in July 1997 to underwrite political risks on behalf of ACE Bermuda Insurance, Ltd. and XL Insurance Ltd, has rapidly become one of the world's leading political risk insurers and reinsurers. Sovereign's clients include international financial institutions, multinational corporations and national export credit agencies. Sovereign's portfolio now exceeds \$3 billion of exposure spread over 60 emerging markets. Additional information is available on Sovereign's web site: [www.sovereignbermuda.com](http://www.sovereignbermuda.com).

The ACE Group of Companies provides insurance and reinsurance for a diverse group of clients. The ACE Group conducts its business on a global basis with operating subsidiaries in nearly 50 countries. Additional information can be found at: [www.acelimited.com](http://www.acelimited.com).

XL Capital Ltd, through its wholly-owned subsidiaries, including XL Insurance Ltd, XL Mid Ocean Reinsurance Ltd, XL Capital Products Ltd, The Brockbank Group plc, NAC Re Corp., Intercargo Corporation and ECS, Inc., provides insurance and reinsurance coverages and financial products worldwide. As of December 31, 1999, XL Capital Ltd had consolidated assets of approximately \$15.0 billion and shareholders equity of approximately \$5.6 billion. Additional information is available on the XL Capital Ltd web site: [www.xl-capital.com](http://www.xl-capital.com).

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