

## **CORPORATE NEWS RELEASE**

Media Contact: Price Lowenstein  
(441) 296-4279

### **SOVEREIGN INCREASES POLITICAL RISK CAPACITY AND EXTENDS TERMS TO 15 YEARS**

HAMILTON, Bermuda, July 26, 1999 - Sovereign Risk Insurance Ltd. ("Sovereign"), the Bermuda-based political risk insurance underwriting agency, has announced that it will begin its third year of operations with increased per-project limits and expanded terms of coverage. Sovereign will increase its per-project capacity limit from \$100 million to \$125 million within existing country limits and will extend its maximum term of coverage from 10 years to 15 years.

These increases come in response to the rapidly growing demand for Sovereign's political risk insurance products from banks, multinational corporations, national export credit agencies and international infrastructure sponsors.

Stated Price Lowenstein, Sovereign's President and CEO, "We are extremely pleased by the substantial increase in business volume during our second year of operations. Going into our third year, Sovereign's higher project limits and 15 year policy terms will allow us to better meet the needs of our clients who are financing or investing in projects in the emerging markets."

Sovereign Risk Insurance Ltd. was formed in April 1997 to underwrite political risks on behalf of ACE Bermuda Insurance Ltd. and XL Insurance Ltd.

The ACE Group of Companies provides insurance and reinsurance for a diverse group of international clients. At March 31, 1999, ACE Limited had approximately \$8.9 billion in assets and approximately \$4.0 billion in shareholders' equity. Following the acquisition of CIGNA's P&C businesses on July 2, 1999, operating subsidiaries are now based in nearly fifty countries and the total assets of the combined companies are approximately \$30 billion.

XL Capital Ltd, through its subsidiaries, is a leading provider of insurance and reinsurance coverages and financial products to industrial, commercial and professional service firms, insurance companies and other enterprises on a worldwide basis. As of May 31, 1999, XL Capital Ltd had consolidated assets of \$10.8 billion and consolidated shareholders' equity of \$4.9 billion. Following the June 18 completion of its merger with NAC Re Corp., XL had assets of approximately \$14.1 billion and shareholders' equity of approximately \$5.6 billion. Additional information is available from the XL Capital web site: [www.xl-capital.com](http://www.xl-capital.com).

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