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For Immediate Release

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SOVEREIGN LAUNCHES INNOVATIVE NEW PRODUCT TO PROTECT AGAINST MAXI-DEVALUATION RISK

*Real Exchange Rate Liquidity (REX) product marks significant expansion of
political risk insurance coverage for project finance transactions*

HAMILTON, Bermuda, November 26, 2001 - Sovereign Risk Insurance Ltd. ("Sovereign") has announced the launch of the Real Exchange Rate Liquidity (REX) product. The REX is an innovative new political risk insurance product designed to partially mitigate the risks that large currency devaluations will impair an infrastructure project's ability to make debt service payments. REX coverage is designed for projects that are located in certain emerging markets and have dollar denominated debt with local currency revenues indexed to inflation. The REX coverage is triggered if inflation-adjusted exchange rates move beyond a pre-determined band and as a consequence make it impossible for a project to meet its debt service requirements.

Price Lowenstein, Sovereign's President & CEO commented that, "We are delighted that Sovereign is launching the most significant new product development in the private political risk market in recent memory. REX coverage will add tremendous value to the projects which are eligible for this innovative and highly structured type of political risk insurance. We are confident that projects in a number of emerging markets will benefit from REX coverage and we look forward to working with sponsors and lenders on structuring these types of transactions".

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 up to 15 years. Last year it underwrote exposure of more than \$2 billion in emerging markets. Sovereign is a 50-50 joint venture between ACE Bermuda Insurance, Ltd., a wholly owned subsidiary of ACE Limited (NYSE: ACL) and XL Insurance (Bermuda) Ltd, a wholly owned subsidiary of XL Capital Ltd (NYSE: XL). More information on Sovereign and the REX product can be found on Sovereign's website: www.sovereignbermuda.com
