

*For Immediate Release*

**SOVEREIGN AND XLCA ANNOUNCE INNOVATIVE  
REINSURANCE COVERAGE OF SWEDISH ECA**

***Transaction Helps EKN to Reinsure Commercial and Political Risks;  
First Involving Monoline and Political Risk Insurers***

HAMILTON, Bermuda and NEW YORK, New York, November 21, 2001 – Sovereign Risk Insurance Ltd. (Sovereign) and XL Capital Assurance Inc. (XLCA) announced a transaction – believed to be the first involving both a monoline insurer and a political risk insurer – that provides both commercial and political risk protection to Exportkreditnämnden (EKN), the Swedish governmental export credit guarantee agency. A \$231 million reinsurance policy was issued by XLCA to EKN in order to protect it against losses incurred as a result of default by a Mexican utility on loan repayments insured by EKN. EKN’s primary insurance policy covers vendor financing for equipment sales to the utility. Sovereign provided political risk coverage to support the transaction.

The Director General of EKN, Olof Rydh, commented that he was “very pleased to be able to reinsure a portion of EKN’s Mexican exposure with XLCA and Sovereign. This will enable EKN to better balance its global portfolio. XLCA’s and Sovereign’s innovative and flexible approach made it possible for us to obtain protection against both commercial and political risks.”

David C. Stevens, President of XLCA, commented, “We are very pleased to have participated in this transaction with Sovereign to provide our triple-A protection to EKN. This is the first of what we hope will be many transactions with Sovereign that will allow customers assuming high-quality risks in sub-investment grade environments to benefit from our triple-A support.”

Christina Westholm-Schröder, Chief Underwriting Officer and a Vice President of Sovereign, added that she was “extremely pleased that XLCA and Sovereign together could provide EKN with the coverage it needed. This demonstrates our ability to work closely with one of our parent companies to structure commercial and political risk coverage for certain types of transactions in emerging markets. We believe that this is a significant milestone in both our organizations’ efforts to better serve the needs of financial institutions, ECAs, and corporations doing business in emerging markets.”

(more)

XL Capital Assurance Inc., rated triple-A by Moody's Investors Service, Standard & Poor's Ratings Services and Fitch, Inc., is a New York-domiciled financial guarantee insurer that specializes in corporate and consumer asset securitization, essential infrastructure project finance, future flow securitization and U.S. public finance. XLCA is a subsidiary of XL Capital Ltd (NYSE: XL). Additional information about XLCA is available at [www.xlca.com](http://www.xlca.com).

XL Capital Ltd, through its principal operating 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.

Sovereign is a specialized political risk insurer and reinsurer based in Bermuda. Sovereign's portfolio exceeds \$5 billion of exposure spread over 60 emerging markets. Sovereign's clients include financial institutions, national export credit agencies, multilateral institutions and multinational corporations. Sovereign is a joint venture between Aa2/AA rated XL Insurance Ltd, a wholly owned subsidiary of XL Capital Ltd (NYSE: XL) and A+ rated ACE Bermuda Insurance Ltd, a wholly owned subsidiary of ACE Limited (NYSE: ACE). Sovereign's website is [www.sovereignbermuda.com](http://www.sovereignbermuda.com).

*This press release may contain forward-looking statements. Such statements are based on current plans, estimates and expectations. Accordingly, forward-looking statements involve inherent risks and uncertainties and a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. XLCA does not undertake any duty to update publicly any forward-looking statements contained herein in light of new information or future developments.*

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