



Update

Press Release – January, 1999

SIGCo and TERRA NOVA Join Forces

The Shipowners Insurance and Guaranty Company Ltd. ("SIGCo") announced today that they are to join forces with Terra Nova (Bermuda) Ltd. ("Terra Nova") in providing COFR related services. Both SIGCo and Terra Nova (the latter through the COFRSURE program) are involved in the provision of guaranties supporting Certificates of Financial Responsibility which are required under the Oil Pollution Act, 1990 for vessels entering US waters, and both also offer other COFR related services.

Under the terms of the Agreement, the COFRSURE facility and rights to its renewal business will be transferred to SIGCo and Terra Nova will acquire a shareholding in SIGCo. Terra Nova and its related syndicates at Lloyds will provide SIGCo with significant reinsurance protection and will offer support to SIGCo's future sales, marketing and development efforts. The Agreement also includes terms under which SIGCo will issue COFR guaranties for a P&I facility to be operated by Terra Nova and its related Lloyds syndicate J.L. Jones & Others.

Neil Clemens, SIGCo's President observed; "Recent developments in the market have led both companies to recognise the long-term benefits to their respective clients of working together to provide COFR guaranties in a cost effective manner and in a stable environment. This transaction recognises economies of scale associated with SIGCo's large client base and Terra Nova's substantial reinsurance capacity which should assist the companies in meeting their long-term objectives."

SIGCo is a privately owned insurer incorporated in Bermuda in October 1996 with the express purpose of issuing COFR guaranties, and since then has grown to be market leader. The capital investors are a combination of shipping interests and reinsurers whose interests are to be repaid over time, concomitant with a transition to a shipowner owned and managed facility.



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