

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MAY 31, 1996

Commission File Number 1-10804

EXEL LIMITED

(Exact name of registrant as specified in its charter)

Cayman Islands

98-0058718

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer
Identification Number)

Cumberland House, 1 Victoria Street, Hamilton, Bermuda HM 11

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (441) 292-8515

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO
----- -----

The number of registrant's Ordinary Shares (\$0.01 par value) outstanding as of June 28, 1996 was 44,965,251 excluding 10,623,900 shares held in treasury.

EXEL LIMITED

INDEX TO FORM 10-Q

Part I. FINANCIAL INFORMATION

Page No.

Item 1. Financial Statements:

Consolidated Balance Sheets May 31, 1996 (unaudited) and November 30, 1995	3
Consolidated Statements of Income Three Months Ended May 31, 1996 and 1995 (unaudited) and Six Months Ended May 31, 1996 and 1995 (unaudited)	5

Consolidated Statements of Cash Flows Six Months Ended May 31, 1996 and 1995 (unaudited)	6
Notes to Unaudited Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition	10

Part II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Shareholders	23
Item 6. Exhibits and Reports on Form 8-K	25
Signatures	28

EXEL LIMITED

CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except per share amounts)

	May 31, 1996	November 30, 1995
	-----	-----
	(Unaudited)	
	ASSETS	
Investments:		
Fixed maturities, at market value (amortized cost : 1996 - \$2,709,013; 1995 - \$2,343,143).....	\$2,623,193	\$2,434,470
Equity securities, at market value (cost: 1996 - \$558,134; 1995 - \$652,847	716,648	838,132
Short-term investments, at market value (amortized cost: 1996 - \$84,942; 1995 - \$82,696).....	84,984	82,693
	-----	-----
Total Investments	3,424,825	3,355,295
Cash and cash equivalents.....	200,124	673,433
Investment in affiliate (cost: 1996 - \$373,597; 1995 - \$347,826)	367,497	351,669
Accrued investment income.....	51,542	53,149
Deferred acquisition costs.....	32,671	40,954
Prepaid reinsurance premiums.....	38,541	2,438
Premiums receivable.....	361,554	234,028
Reinsurance balances receivable.....	29,286	1,002
Other assets.....	22,027	12,938
	-----	-----

Total Assets.....	\$4,528,067	\$4,724,906
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Unpaid losses and loss expenses.....	\$1,954,581	\$1,920,500
Unearned premium.....	620,708	539,296
Premium received in advance.....	27,358	4,880
Accounts payable and accrued liabilities.....	36,537	17,806
Payable for investments purchased.....	8,716	236,291
	-----	-----
Total Liabilities.....	\$2,647,900	\$2,718,773
	-----	-----

May 31,	November 30,
1996	1995
-----	-----

(Unaudited)

Contingencies

Shareholders' Equity:

Ordinary shares (par value \$0.01: authorized, 999,990,000 shares; issued and outstanding, 45,060,251 shares (excluding 10,528,900 shares held in treasury)at May 31, 1996 and 47,275,395 shares (excluding 8,000,000 shares held in treasury)at November 30, 1995.....	451	473
Contributed surplus.....	287,663	295,209
Net unrealized appreciation of investments.....	72,243	283,289
Deferred compensation.....	(4,413)	(1,657)
Retained earnings.....	1,524,223	1,428,819
	-----	-----
Total shareholders' equity.....	1,880,167	\$2,006,133
	-----	-----
Total liabilities and shareholders' equity.....	\$4,528,067	\$4,724,906
	=====	=====

See accompanying notes to Consolidated
Financial Statements.

EXEL LIMITED

CONSOLIDATED STATEMENTS OF INCOME
(U.S. dollars in thousands, except per share amounts)

	Three Months Ended May 31,		Six Months Ended May 31,	
	1996	1995	1996	1995

	(Unaudited)			
Revenues:				
Net premiums earned.....	\$131,952	\$135,145	\$262,210	\$265,891
Net investment income.....	50,249	56,797	98,022	106,967
Net realized gains on sale of investments.....	16,202	14,890	152,261	8,016
Equity in net earnings of affiliate....	14,282	15,545	30,395	20,598
	-----	-----	-----	-----
Total revenues	212,685	222,377	542,888	401,472
	-----	-----	-----	-----
Expenses:				
Losses and loss expenses.....	103,556	106,362	207,762	208,641
Acquisition costs.....	9,012	14,002	17,584	26,594
Administration expenses.....	10,636	6,950	19,735	13,995
	-----	-----	-----	-----
Total expenses	123,204	127,314	245,081	249,230
	-----	-----	-----	-----
Income before income tax expense.....	89,481	95,063	297,807	152,242
Income tax expense.....	495	532	1,732	829
	-----	-----	-----	-----
Net income.....	\$ 88,986	\$ 94,531	\$296,075	\$151,413
	=====	=====	=====	=====
Weighted average number of ordinary shares and ordinary share equivalents outstanding.....	46,773	53,773	47,261	53,788
Net income per ordinary share and ordinary share equivalent.....	\$1.90	\$1.76	\$6.26	\$2.81
Dividends declared per share.....	\$0.50	\$0.33	\$0.90	\$0.66

See accompanying notes to Consolidated
Financial Statements.

EXEL LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	Six Months Ended May 31,	
	1996	1995
	----	----
	(Unaudited)	
Cash flows from operating activities		
Net income.....	\$ 296,075	\$ 151,413
Adjustments to reconcile net income to net cash provided by operating		

activities:		
Net realized gains on sale of investments.....	(152,261)	(8,016)
Unrealized gains on foreign exchange...	0	(4,219)
Amortization of premium on fixed... maturities.....	3,573	2,642
Amortization of deferred compensation..	628	605
Equity in earnings of affiliate net of dividends received and consolidation adjustments.....	(24,151)	(18,059)
Unpaid losses and loss expenses.....	34,081	76,621
Unearned premiums.....	81,412	(16,408)
Premiums received in advance.....	22,478	20,822
Deferred acquisition costs.....	8,283	414
Prepaid reinsurance premiums.....	(36,103)	0
Premiums receivable.....	(127,526)	7,287
Reinsurance balances receivable.....	(28,284)	0
Accrued investment income.....	1,607	(3,285)
Accounts payable and accrued liabilities.....	18,731	(617)
	-----	-----
Total adjustments.....	(197,532)	57,787
	-----	-----
Net cash provided by operating activities	98,543	209,200
	-----	-----
Cash flows provided by (used in) investing activities:		
Proceeds from sale of fixed maturities and short-term investments.....	2,872,664	1,665,392
Proceeds from redemption of fixed maturities and short-term investments..	79,000	69,000
<p style="text-align: center;">Six Months Ended May 31,</p> <p>1996 1995 ----- -----</p>		
(Unaudited)		
Proceeds from sale of equity securities	402,107	108,898
Purchases of fixed maturities and short-term investments.....	(3,497,370)	(1,906,840)
Purchases of equity securities.....	(208,691)	(140,025)
Deferred gains (losses) on forward hedge contracts.....	2,770	(545)
Investment in affiliate.....	(1,620)	-
Other assets.....	(9,089)	(2,598)
	-----	-----
Net cash used in investing activities.....	(360,229)	(206,718)
	-----	-----
Cash flow (used in) provided by financing activities:		
Dividends paid.....	(42,006)	(35,305)
Issuance of shares.....	126	126
Proceeds from exercise of options.....	4,562	1,268
Repurchase of treasury shares.....	(174,305)	(9,599)
	-----	-----

Net cash used in financing activities...	(211,623)	(43,510)
	-----	-----
Decrease in cash and cash equivalents.....	(473,309)	(41,028)
	-----	-----
Cash and cash equivalents - beginning of period.....	\$ 673,433	\$ 456,176
	-----	-----
Cash and cash equivalents - end of period.....	\$ 200,124	\$ 415,148
	=====	=====
Taxes paid.....	\$ 1,571	\$ 1,056
	=====	=====

See accompanying notes to Consolidated
Financial Statements.

EXEL LIMITED

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of EXEL Limited (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these unaudited financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and results of operations as of the end of and for the periods presented. The results of operations for any interim period are not necessarily indicative of the results for a full year. The November 30, 1995 balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. For further information, refer to the consolidated financial statements for the fiscal year ended November 30, 1995, and footnotes thereto, included in the Company's Annual Report on Form 10-K (No. 1-10804).

NOTE B - INVESTMENT IN AFFILIATE

Summarized condensed financial information of Mid Ocean Limited, a 28% owned affiliate, which is accounted for by the equity method, is as follows (U.S. dollars in thousands):

Income Statement Data	Three months Ended April 30,		Six Months Ended April 30,	
	1996 ----	1995 ----	1996 ----	1995 ----
		(Unaudited)		
Net premiums earned	\$102,274	\$ 98,869	\$204,379	\$ 189,180
Net investment income	19,911	18,747	38,957	36,047
Net realized gains (losses) on sale of investments	(1,986)	5,891	7,196	(16,924)
Net income	\$ 50,972	\$ 55,579	\$108,787	\$ 73,643

Company's share of net income	===== \$ 14,282 =====	===== \$ 15,545 =====	===== \$ 30,395 =====	===== \$ 20,598 =====
Balance Sheet Data		April 30, 1996 ----- (Unaudited)		October 31, 1995 -----
Cash, investments and accrued interest		\$1,379,604		\$1,275,588
Other assets		525,288		379,920
Total assets		----- \$1,904,892 =====		----- \$1,655,508 =====
Reserves for losses and loss expenses		\$ 373,630		\$ 338,990
Reserves for unearned premiums		384,958		200,859
Other liabilities and minority interest		126,859		133,072
Shareholders' equity		----- 1,019,445 -----		----- 982,587 -----
Total liabilities and shareholders' equity		----- \$1,904,892 -----		----- \$1,655,508 -----
Company's share of shareholders' equity		\$ 285,801 =====		\$ 273,867 =====

During the six months ended April 30, 1996 and 1995 the Company received dividends from its affiliate of \$5.1 million, and \$2.5 million, respectively.

EXEL LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations for the Three Months Ended May 31, 1996

Compared to the Three Months Ended May 31, 1995

The following table presents an analysis of the Company's underwriting revenues for the periods indicated:

	Three Months Ended		
	May 31,		
	1996	1995	% Change
	-----	-----	-----
	(unaudited)		
Gross premiums written	\$160,169	\$112,011	43.0%
Net premiums written	143,810	111,410	29.1
Net premiums earned	131,952	135,145	(2.4)

The increase in gross premiums written in 1996 was predominantly due to the growth in specialty reinsurance assumed (SRA), written primarily by the Company's newly formed subsidiary, X.L. Reinsurance Company, Ltd. (XLRe). These premiums are generally multi-year premiums reflecting net future year premiums of \$30.9 million of the total \$54.7 million recognized in the quarter. Gross premiums written adjusted for this multi-year effect was \$105.5 million compared to adjusted premiums for the 1995 quarter of \$109.8 million, a decrease of 3.9%.

The following table presents the split of gross premiums written by X.L. Insurance Company, Ltd. (X.L.), X.L. Europe Insurance (X.L.E.) and XLRe and reflects the growth in SRA for the periods indicated, adjusted for the effects of multi-year premiums:

	Three Months Ended May 31,						
	1996			Total	1995		
	X.L.	X.L.E.	XLRe		X.L.	X.L.E.	Total
	(Unaudited)						
General liability	\$52,941	\$12,535	-	\$ 65,476	\$68,081	\$16,950	\$ 85,031
Directors and officers liability	5,368	1,069	-	6,437	6,167	1,002	7,169
Professional liability	7,354	2,417	-	9,771	8,166	2,229	10,395
Property	3,221	(38)	-	3,183	5,289	147	5,436
Risk solutions	1,900	-	-	1,900	-	-	-
Speciality reinsurance assumed	-	2,723	15,978	18,701	-	1,731	1,731
Annualized premiums	70,784	18,706	15,978	105,468	87,703	22,059	109,762
Multi-year premiums	14,062	9,703	30,936	54,701	971	1,279	2,250
Gross premiums written	\$84,846	\$28,409	\$46,914	\$160,169	\$88,674	\$23,338	\$112,012

SRA policyholders are few in number with substantial multi-year premiums. These policies characteristically allow for the return of significant levels of premiums in the event no losses are incurred by the end of the policy term. Premiums assumed in the second quarter are not indicative of future periods.

SRA premiums assumed by X.L.E. relates solely to reinsurance protection provided to a Bermuda insurer who provides certificates of financial responsibility to ship owners for compliance with the U.S. Oil Pollution Act of 1990.

X.L., in conjunction with CIGNA Property and Casualty, has now written one policy of its recently announced product lines; Risk Solutions. The Company's traditional product lines, general, directors and officers, and professional liability continue to feel the impact of the tremendous competitive pressures from the U.S. domestic insurance market. These pressures are clearly reflected in an increase in the average attachment point from \$71.4 million to \$78.2 million and a decrease in the business retention rate from 87.2% to 86.7% for the Company's traditional product lines, for the three months ended May 31, 1995 and May 31, 1996 respectively.

The following table presents certain underwriting information with respect to the business written by the Company for the periods indicated:

	Gross		Net		Net	
	Premiums Written		Premiums written		Premiums earned	
	Three Months Ended May 31					
	1996	1995	1996	1995	1996	1995
	(Unaudited)					
General liability	\$ 82,498	\$ 86,931	\$ 69,242	\$ 86,931	\$ 81,038	\$106,414
Directors and officers						

liability	7,277	7,169	7,277	7,169	6,257	7,098
Professional liability	9,772	10,395	9,772	10,395	13,818	13,668
Property	5,285	5,786	3,757	5,184	5,084	3,231
Risk solutions	5,700	-	4,125	-	117	-
Speciality reinsurance assumed	49,637	1,730	49,637	1,730	25,638	4,734
	-----	-----	-----	-----	-----	-----
	160,169	112,011	143,810	111,409	131,952	135,145
Adjustment for multi-year premium	(54,701)	(2,250)	(54,701)	(2,250)	-	-
Reinsurance ceded	-	-	13,256	-	16,453	-
	-----	-----	-----	-----	-----	-----
Adjusted premiums	\$105,468	\$109,761	\$102,365	\$109,159	\$148,405	\$135,145
	=====	=====	=====	=====	=====	=====

Net premiums written for the quarter ended May 31, 1996 was affected by a quota share reinsurance policy entered into for most general liability risks written on a guaranteed cost form, with certain exclusions, effective December 1, 1995. X.L. cedes 20% of these risks with total limits up to \$100 million and 25% with total limits in excess of \$100 million. Net premiums written adjusted for the general liability quota share and multi-year premiums, would have decreased 6.2%.

Net earned premiums were impacted by the growth in SRA premiums less the expense of premiums ceded under the new quota share arrangement. If the general liability quota share program was excluded, net earned premiums would have increased by 9.8%.

The following table presents an analysis of the Company's revenues from its portfolio of investments and its investment in affiliate:

	Three Months Ended		% Change
	1996	1995	
	-----	-----	-----
	(unaudited)		
Net investment income	\$50,249	\$56,797	(11.5%)
Net realized gains	16,202	14,890	8.8
Equity in net earnings of affiliate	14,282	15,545	(8.1)

Net investment income for the second quarter in 1995 included unrealized currency gains of \$3.1 million compared to \$Nil for the comparative quarter in 1996, resulting in an adjusted decline of 6%. The decrease in investment income was caused by several factors. The U.S. bond market had remained strong for most of the second quarter of 1996 keeping yields low, unlike the comparable 1995 quarter which was weaker resulting in higher yields. The equity component of the total investment portfolio also increased to 19.8% from 15.9% as at May 31, 1995.

Equity in net earnings of affiliate decreased principally due to the Company's equity share of realized losses of \$2.0 million versus realized gains of \$5.9 million in the comparative quarter in 1995.

The following table sets forth the Company's combined ratios and the components thereof for the periods indicated using U.S. generally accepted accounting principles:

	Three Months Ended May 31,	
	1996	1995
	----	----
	(unaudited)	
Loss and loss expense ratio	78.5%	78.7%
Underwriting expense ratio	14.9%	15.5%
Combined ratio	93.4%	94.2%

The underwriting expense ratio decreased in the second quarter of 1996 compared to the same period of 1995 due to commissions earned on the new quota share reinsurance program. Excluding this reinsurance arrangement, the underwriting expense ratio for the said 1996 period would have been 16.0%.

Net income was \$89.0 million or \$1.90 per share and \$94.5 million or \$1.76 per share for the quarters ended May 31, 1996 and May 31, 1995, respectively, representing an increase of 8.0% per share. The increase in per share amounts is largely attributable to the buy back of Company shares resulting in weighted average shares outstanding of 46.8 million compared to 53.8 million for the respective quarters.

Results of Operations for the Six Months Ended May 31, 1996

Compared to the Six Months Ended May 31, 1995

The following table presents an analysis of the Company's underwriting revenues for the periods indicated:

	Six Months Ended May 31,		
	1996	1995	% Change
	----	----	-----
	(unaudited)		
Gross premiums written	\$379,299	\$250,124	51.6%
Net premiums written	307,523	249,482	23.3
Net premiums earned	262,210	265,891	(1.4)

The increase in gross premiums written in 1996 was predominately due to the growth in SRA premiums, written primarily by XLRe. These premiums are generally multi-year premiums, reflecting net future year premiums of \$100.5 million of the total \$95.9 million recognized in the period. Gross premiums written adjusted for this multi-year effect was \$283.4 million compared to adjusted premiums for the 1995 period of \$262.2 million, an increase of 8.1%.

The following table presents the split of gross premiums written by X.L., X.L.E and XLRe for the periods indicated, adjusted for the effects of multi-year premiums:

Six Months Ended May 31,						
1996			1995			
X.L.	X.L.E.	XLRe	Total	X.L.	X.L.E.	Total
-----	-----	-----	-----	-----	-----	-----
(Unaudited)						

General liability	\$136,242	\$33,180	\$ -	\$169,422	\$167,049	\$40,853	\$207,902
Directors and officers liability	9,881	1,523	-	11,404	10,047	1,819	11,866
Professional liability	11,158	3,409	-	14,567	12,639	3,879	16,518
Property	7,008	(38)	-	6,970	5,518	147	5,665
Risk solutions	1,900	-	-	1,900	-	-	-
Speciality reinsurance assumed	10,150	12,446	56,540	79,136	6,375	13,877	20,252
Annualized premiums	176,339	50,520	56,540	283,399	201,628	60,575	262,203
Multi-year premiums	(14,338)	9,780	100,458	95,900	(13,588)	1,510	(12,078)
Gross premiums written	\$162,001	\$60,300	\$156,998	\$379,299	\$188,040	\$62,085	\$250,125

XLRe is the primary writer of SRA. The SRA premiums written by X.L. represent the culmination of specific deals where the negotiations commenced prior to the incorporation of XLRe. SRA policyholders are few in number with substantial multi-year premiums. These policies characteristically allow for the return of significant levels of premiums in the event no losses are incurred by the end of the policy term. Premiums assumed in the first six months are not indicative of future periods.

SRA premiums assumed by X.L.E. relates solely to reinsurance protection provided to a Bermuda insurer who provides certificates of financial responsibility to ship owners for compliance with the U.S. Oil Pollution Act of 1990. The decline in premiums over the comparative quarter in 1995 reflects the development of the market where capacity was previously unavailable. It is expected additional premiums will be assumed on this program throughout the fiscal year, although at a level markedly lower than the first six months.

The Company's property and newly announced Risk Solutions lines were the only other areas of growth. The Company's traditional product lines, general, directors and officers, and professional liability continue to feel the impact of the tremendous competitive pressures from the U.S. domestic insurance market. These pressures are clearly reflected in an increase in the average attachment point from \$72.3 million to \$78.2 million and a decrease in the business retention rate from 88.6% to 86.2% for the Company's traditional product lines, for the six months ended May 31, 1995 and 1996, respectively.

The following table presents certain underwriting information with respect to the business written by the Company for the periods indicated :

	Gross ----- Premiums Written -----		Net --- Premiums Written -----		Net --- Premiums Earned -----	
	1996 ----	1995 ----	1996 ----	1995 ----	1996 ----	1995 ----
Six Months Ended May 31						
(Unaudited)						
General liability	\$186,839	\$194,824	\$119,410	\$194,824	\$163,205	\$211,734
Directors and officers liability	12,244	11,866	12,244	11,866	12,532	14,259
Professional liability	15,327	17,168	15,327	17,168	27,189	26,756
Property	11,095	6,015	8,323	5,373	9,981	5,500
Risk solutions	5,700	-	4,125	-	117	-
Speciality reinsurance assumed	148,094	20,251	148,094	20,251	49,186	7,642
	379,299	250,124	307,523	249,482	262,210	265,891

Adjustment for multi-year premium	(95,900)	12,078	(95,900)	12,078	-	-
Reinsurance ceded	-	-	67,429	-	33,415	-
Adjusted premiums	\$283,399	\$262,202	\$279,052	\$261,560	\$295,625	\$265,891

Net premiums written for the six months ended May 31, 1996 was affected by a quota share reinsurance policy entered into for most general liability risks written on a guaranteed cost form, with certain exclusions, effective December 1, 1995. X.L. cedes 20% of these risks with total limits up to \$100 million and 25% with total limits in excess of \$100 million. Of the \$67.4 million of the premiums ceded under this program, \$35.5 million related to the cession of the Company's unearned premiums at December 1, 1995 to provide reinsurance coverage protection on in force policies from this date. Net premiums written adjusted for the general liability quota share and multi-year premiums, would have increased 6.7%.

Net earned premiums were impacted by the growth in SRA premiums less the expense of premiums ceded under the new quota share arrangement. If the general liability quota share program was excluded, net earned premiums would have increased by 11.2%

The following table presents an analysis of the Company's revenues from its portfolio of investments and its investment in affiliate:

	Six Months Ended		% Change
	1996	1995	
	May 31,		
	(unaudited)		
Net investment income	\$ 98,022	\$106,967	(8.4%)
Net realized gains (losses)	152,261	8,016	N/M
Equity in net earnings of affiliate	30,395	20,598	47.6

Net investment income for the first six months in 1995 included unrealized currency gains of \$4.2 million compared to \$Nil for the comparative period in 1996, resulting in an adjusted decline of 4.6%. The decrease in investment income was caused by several factors. The U.S. bond market had remained strong for most of the first half of 1996 keeping yields low, unlike the comparable 1995 period which was weaker resulting in higher yields. The equity component of the total investment portfolio also increased to 19.8% from 15.9% as at May 31, 1995. In addition, the Company has liquidated two fixed maturity portfolio and one equity portfolio due to similarities in strategies between managers, creating an influx of cash and the realization of significant gains. From the realized proceeds, \$250 million was used to capitalize XLRe.

Equity in net earnings of affiliate increased principally due to the Company's equity share of realized gains of \$2.0 million versus realized losses of \$4.7 million.

The following table sets forth the Company's combined ratios and the components thereof for the periods indicated using U.S. generally accepted accounting principles:

Six Months Ended

	May 31,	
	1996	1995
	----	----
	(unaudited)	
Loss and loss expense ratio	79.3%	78.5%
Underwriting expense ratio	14.2%	15.3%
Combined ratio	93.5%	93.8%

The increase in the loss and loss expense ratio reflects an increase in the rate at which incurred but not reported reserves are established on the Company's casualty lines of business, which commenced during the fourth quarter of 1995.

The underwriting expense ratio decreased in the first six months of 1996 compared to the same period of 1995 due to commissions earned on the new quota share reinsurance program. Excluding this reinsurance arrangement, the underwriting expense ratio for the said 1996 period would have been 15.4%.

Net income was \$296.1 million or \$6.26 per share and \$151.4 million or \$2.81 per share for the six months ended May 31, 1996 and 1995, respectively, representing an increase of 123% per share. The increase in per share amounts is largely attributable to realized investment gains of \$152.3 million compared to \$8.0 million and a decrease in the weighted average shares outstanding from \$53.8 million to \$47.3 million.

Financial Condition and Liquidity

As a holding company, the Company's assets consist primarily of its investments in the stock of its subsidiaries and the Company's future cash flows depend on the availability of dividends or other statutorily permissible payments from its subsidiaries. In order to pay dividends, the amount of which is limited to accumulated net realized profits, the Company's principal subsidiary, X.L., must maintain certain minimum levels of statutory capital and surplus, solvency and liquidity pursuant to Bermuda statutes and regulations. At May 31, 1996, X.L. could have paid dividends in the amount of approximately \$950 million. Neither the Company nor any of its subsidiaries other than X.L. had any other restrictions preventing them from paying dividends. No assurance, however, can be given that the Company or its subsidiaries will not be prevented from paying dividends in the future. The Company's shareholders' equity at May 31, 1996 was \$1.9 billion, of which \$1.5 billion was retained earnings.

At May 31, 1996, total investments and cash net of the payable for investments purchased were \$3.6 billion compared to \$3.8 billion at November 30, 1995.

The Company purchased a further 2.5 million of its outstanding shares during the six months ended May 31, 1996, at a cost of \$174.3 million, increasing its treasury holding to 10.5 million shares. The Company has 500,000 shares remaining in its authorized share repurchase program.

The Company's fixed income investments (including short-term investments and cash and cash equivalents net of the payable for investments purchased) at May 31, 1996 represented approximately 80.2% of invested assets and were managed by several outside investment management firms and the Company's investment department with different strategies. All fixed income securities are of investment grade and include U.S. and non-U.S. sovereign government obligations and corporate and other securities. Of the Company's fixed income portfolio, 76% is rated Aa or AA or better by a nationally recognized rating agency or an investment manager. Cash and cash equivalents net of the payable for investments purchased was \$191.4 million at May 31, 1996, compared to \$437.3 million at November 30, 1995.

In connection with the Company's investment in MOCL, the Company has confirmed to MOCL that, subject to certain conditions, it will not, prior to May

1998, without the consent of the Directors of MOCL, increase its ownership of MOCL shares if, as a result, it would own more than 30% of MOCL's outstanding voting shares or more than 25% of MOCL's shares on a fully diluted basis. In connection with the previously announced authorization by the Directors of MOCL for the repurchase of up to \$75 million of MOCL shares, the Company has confirmed its intention to decrease proportionately the number of shares of MOCL owned by it so as to maintain its percentage ownership of MOCL at a level no greater than at present.

In fiscal 1994, 1995 and in fiscal 1996 through May 31, the total amount of losses paid by the Company was \$138.7 million, \$188.5 million and \$201.7 million, respectively.

Insurance practices and regulatory guidelines suggest that property and casualty insurance companies maintain a ratio of net premiums written to statutory capital and surplus of not greater than 3 to 1, with a lower ratio considered to be more prudent for a company that insures the types of exposures written by X.L. X.L. maintained a ratio of less than 0.9 to 1 for the year ended November 30, 1995 and 0.3 to 1 (calculated on an annualized basis) for the six months ended May 31, 1996. The decrease is reflective of a decrease in gross premiums written on X.L.'s traditional lines coupled with the premiums ceded under the general liability quota share treaty which was effective December 1, 1995.

X.L. establishes reserves to provide for the estimated expenses of settling claims, the general expenses of administering the claims adjustment process and for losses incurred but not reported. X.L. calculates such reserves by using actuarial and other reserving techniques to project the estimated ultimate net liability for losses and loss expenses. No assurance can be given that actual claims made and payments related thereto will not be in excess of the amounts reserved.

Inflation can have an effect on the Company in that inflationary factors can increase damage awards and potentially result in more claims exceeding applicable minimum attachment points. The Company's underwriting philosophy is to adjust premiums in response to inflation, although this may not always be possible due to competitive pressures. Inflationary factors are considered in determining the premium level on multi-year policies at the time the contracts are written. In addition, the Company from time to time evaluates whether minimum attachment points should be raised to take into account inflationary factors; as of this date, no revisions to minimum attachment points have been implemented.

Outlook

The Company believes competitive pressures will continue throughout fiscal 1996 and constrain growth in the Company's traditional product lines. However, the Company believes specific opportunities will exist through the further growth of the Company's property product line, the release of the new employment practices liability product, XLRe and the CIGNA Risk Solutions and X.L. Risk Solutions provided through a strategic alliance between X.L. and CIGNA Property & Casualty.

EXEL LIMITED

PART II - OTHER INFORMATION

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

At the Annual General Meeting of Shareholders held on March 29, 1996 at the Hyatt Regency Hotel, Grand Cayman, British West Indies, the shareholders

approved the following :

1. To elect Class II Directors to hold office until 1998 :

	Votes For*	Votes Against*
	---	-----
Robert Clements	40,929,281	122,910
Michael P. Esposito, Jr	40,928,266	122,925
Cyril Rance	40,927,717	123,474
Ellen E. Thrower	40,923,247	127,944

Messrs. Gould, Heap, London, Parker, Seneter, O'Hara, Thornton and Weiser continue in office.

2. To appoint Coopers & Lybrand, Bermuda as independent Auditors for the fiscal year ending November 30, 1996;

Votes*

For - 41,009,286 Against - 33,508 Abstaining - 8,397

3. The Company's Stock Plan for non-employee directors ;

Votes*

For - 36,812,860 Against - 3,460,182 Abstaining - 778,149

4. Amendment to EXEL Limited Directors Stock & Option Plan ;

Votes*

For - 34,811,065 - Against - 5,459,475 - Abstaining - 780,651.

* Before giving effect to the applicable provisions in the Company's Articles of Association which limit the voting rights with respect to the shares of any person or "group" of persons beneficially owning (within the meaning of Section 13(d) (3) of the Securities Exchange Act of 1934) 10% or more of the issued Ordinary Shares of the Company to a voting power of one share less than 10% pursuant to a formula specified in the Articles of Association.

According to filings made with the Securities and Exchange Commission, two separate "group" of persons may each beneficially own in excess of 10% of the issued Ordinary Shares of the Company. If the voting power of such groups were limited pursuant to the formula specified power of such groups were limited pursuant to the formula specified in the Articles of Association, the matters voted on by shareholders as set forth above would still have been approved by the required vote of the shareholders as set forth above would still have been approved by the required vote of the shareholders.

EXEL LIMITED

PART II - OTHER INFORMATION

ITEM 6. - EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibit 11. Statement regarding Computation of Per Share Earnings.

(b) There was no reports on Form 8-K filed during the three months ended May 31, 1996.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXEL LIMITED

(Registrant)

June 28, 1996

/s/ Brian M. O'Hara

Brian M. O'Hara
President and
Chief Executive Officer

June 28, 1996

/s/ Brian G. Walford

Brian G. Walford
Executive Vice President and
Chief Financial Officer

EXEL LIMITED

COMPUTATION OF EARNINGS PER ORDINARY SHARE AND
ORDINARY SHARE EQUIVALENT(U.S. dollars in thousands except
per share amounts)

	Three Months Ended May 31,		Six Months Ended May 31,	
	1996	1995	1996	1995
	(Unaudited)		(Unaudited)	
(A) Earnings per ordinary share and ordinary share equivalent -- primary:				
Weighted average shares outstanding.....	46,177	53,490	46,681	53,499
Average stock options outstanding (net of repurchased shares under the treasury stock method).....	596	283	580	289
	-----	-----	-----	-----
Weighted average ordinary shares and ordinary share equivalents outstanding.....	46,773	53,773	47,261	53,788
	-----	-----	-----	-----
Net income:				
Actual net income.....	\$ 88,986	\$ 94,531	\$ 296,075	\$ 151,413
Assumed earnings on excess option proceeds	-	-	-	-
	-----	-----	-----	-----
Adjusted net income.....	\$ 88,986	\$ 94,531	\$ 296,075	\$ 151,413
	=====	=====	=====	=====
Earnings per ordinary share and ordinary share equivalent.....	\$ 1.90	\$ 1.76	\$ 6.26	\$ 2.81
	=====	=====	=====	=====

	Three Months Ended May 31,		Six Months Ended May 31,	
	1996	1995	1996	1995
	(Unaudited)		(Unaudited)	
(B) Earnings per ordinary share and ordinary share equivalent -- assuming full dilution:				
Weighted average shares outstanding.....	46,177	53,490	46,681	53,499
Average				
stock options outstanding (net of repurchased shares under the treasury stock method).....	596	359	600	366
	-----	-----	-----	-----
Weighted average ordinary shares and ordinary share equivalents outstanding.....	46,773	53,849	47,281	53,865
	-----	-----	-----	-----

Net income:				
Actual net income.....	\$ 88,986	\$ 94,531	\$ 296,075	\$ 151,413
Assumed earnings on excess option proceeds	-	-	-	-
	-----	-----	-----	-----
Adjusted net income.....	\$ 88,986	\$ 94,531	\$ 296,075	\$ 151,413
	=====	=====	=====	=====
Earnings per ordinary share and ordinary share equivalent.....				
	\$ 1.90	\$ 1.76	\$ 6.26	\$ 2.81
	=====	=====	=====	=====

<ARTICLE> 7

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM *THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF INCOME AND IS QUALIFIED IN IT ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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