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 AUGUST 31, 1997

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 September 23, 1997 was 84,408,677 excluding 27,574,800 shares held in treasury.

EXEL LIMITED

INDEX TO FORM 10-Q

Part I. FINANCIAL INFORMATION

Part II. OTHER INFORMATION

EXEL LIMITED

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

	August 31, 1997	November 30, 1996
	(Unaudited)	
ASSETS		
Investments:		
Fixed maturities, at market value (amortized cost : 1997 - $2,638,211; 1996 - $2,812,415)	$2,735,685	$2,844,877
Equity securities, at market value (cost: 1997 - $721,892; 1996 - $595,149)	862,439	812,050
Short-term investments, at market value (amortized cost: 1997 - $279,244; 1996 - $115,791)	280,468	115,999
Total Investments	3,878,592	3,772,926
Cash and cash equivalents	499,131	252,734
Investment in affiliate (cost: 1997 - $309,536; 1996 - $280,748)	471,694	414,891
Other investments	26,776	23,803
Accrued investment income	47,302	55,729
Deferred acquisition costs	31,492	30,383
Prepaid reinsurance premiums	78,139	63,467
Premiums receivable	289,834	345,082
Reinsurance balances receivable	93,354	46,444
Intangible assets	263,071	-
Other assets	26,305	26,079
Total Assets	$5,705,690	$5,031,538
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Unpaid losses and loss expenses	$2,271,378	$2,099,096
Unearned premium	623,220	679,535
Premium received in advance	48,907	24,256
Loans payable	171,000	11,000
Accounts payable and accrued liabilities	35,201	28,171
Reinsurance premiums payable	41,149	31,347
Payable for investments purchased	145,444	42,095
Total Liabilities	$3,336,299	$2,915,500

	August 31, 1997	November 30, 1996
	(Unaudited)	
Contingencies		
Shareholders' Equity:		
Ordinary shares (par value $0.01: authorized, 999,990,000 shares; issued and outstanding, 84,408,677 shares (excluding 27,574,800 shares held in treasury) at August 31, 1997 and 87,170,644 shares (excluding 24,205,100 shares held in treasury) at November 30, 1996....................	844	872
Contributed surplus.............................	289,623	282,980
Net unrealized appreciation of investments.......	195,803	256,430
Deferred compensation............................	(12,166)	(4,169)
Retained earnings...............................	1,895,287	1,579,925
Total shareholders' equity...................	$2,369,391	$2,116,038
Total liabilities and shareholders' equity.........................	$5,705,690	$5,031,538

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 August 31,		Nine Months Ended August 31,	
	1997	1996	1997	1996
	(Unaudited)			
Revenues:				
Net premiums earned	$138,034	$124,537	$387,688	$386,747
Net investment income	56,109	50,310	161,826	148,332
Net realized gains (losses) on sale of investments	116,400	(4,603)	275,326	147,658
Equity in net earnings of affiliate	16,219	13,081	45,113	43,476
Total revenues	326,762	183,325	869,953	726,213
Expenses:				
Losses and loss expenses	85,022	97,905	261,299	305,667
Acquisition costs	13,508	9,053	34,207	26,637
Administration expenses	13,706	11,429	36,998	31,164
Interest expense	4,414	--	4,784	--
Amortization of intangible assets	2,674	--	2,674	--
Total expenses	119,324	118,387	339,962	363,468
Income before income tax expense	207,438	64,938	529,991	362,745
Income tax expense	878	393	3,733	2,125
Net income	$206,560	$ 64,545	$526,258	$360,620
Weighted average number of ordinary shares and ordinary share equivalents outstanding	85,680	89,842	86,473	92,935
Net income per ordinary share and ordinary share equivalent	$ 2.41	$ 0.72	$ 6.09	$ 3.88
Dividends declared per share	$ 0.32	$ 0.25	$ 0.94	$ 0.70

See accompanying notes to Consolidated Financial Statements.

EXEL LIMITED

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

	Nine Months Ended August 31, 1997	Nine Months Ended August 31, 1996
	(Unaudited)	
Cash flows from operating activities		
Net income	$ 526,258	$ 360,620
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized gains on sale of investments	(275,326)	(147,658)
Amortization of (discounts) premium on fixed maturities	(830)	5,571
Amortization of deferred compensation	2,392	1,097
Equity in earnings of affiliate net of dividends received and consolidation adjustments	(24,691)	(33,702)
Amortization of intangible assets	2,674	-
Unpaid losses and loss expenses	137,689	65,080
Unearned premiums	(122,275)	128,137
Premiums received in advance	24,651	21,152
Deferred acquisition costs	8,072	7,873
Prepaid reinsurance premiums	(14,672)	(54,726)
Premiums receivable	118,925	(110,737)
Reinsurance balances receivable	(46,910)	(42,440)
Reinsurance premium payable	9,802	29,239
Accrued investment income	12,003	(762)
Accounts payable and accrued liabilities	(9,264)	6,976
Total adjustments	(177,760)	(124,900)
Net cash provided by operating activities	348,498	235,720
Cash flows provided by (used in) investing activities:		
Proceeds from sale of fixed maturities and short-term investments	7,961,487	3,541,887
Proceeds from redemption of fixed maturities and short-term investments	79,220	98,000

	Nine Months Ended August 31, 1997	1996
	(Unaudited)	
Proceeds from sale of equity securities...........	967,410	468,860
Purchases of fixed maturities and short-term investments...........................	(7,543,708)	(4,089,078)
Purchases of equity securities....................	(836,513)	(291,446)
Deferred gains on forward hedge contracts.......................................	2,067	1,230
Investment in affiliates..........................	(18,397)	(1,620)
Purchase of GCR Holdings Limited..................	(656,282)	-
Other Investments.................................	622	(12,036)
Other assets......................................	(3,337)	(6,207)
Net cash used in investing activities............	(47,431)	(290,410)
Cash flow (used in) provided by financing activities:		
Dividends paid....................................	(81,587)	(64,333)
Issuance of shares................................	355	126
Proceeds from exercise of options.................	5,793	5,216
Repurchase of treasury shares.....................	(139,231)	(271,262)
Proceeds from issuance of short-term debt.........	460,000	-
Payment on short-term debt........................	(300,000)	-
Net cash used in financing activities.............	(54,670)	(330,253)
Increase (decrease) in cash and cash equivalents......................................	246,397	(384,943)
Cash and cash equivalents - beginning of period...	$ 252,734	$ 673,433
Cash and cash equivalents - end of period...	499,131	288,490
Taxes paid..	$ 2,589	$ 1,571

See accompanying notes to Consolidated Financial Statements.

EXEL LIMITED

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of EXEL Limited (together with its subsidiaries, "the Company") have been prepared in accordance with U.S. 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 U.S. 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, 1996 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, 1996, and footnotes thereto, included in the Company's Annual Report on Form 10-K (No. 1-10804).

All share amounts have been adjusted for the July 1996 one-for-one stock dividend paid on the company's ordinary shares.

2. INVESTMENT IN AFFILIATE

Summarized condensed financial information of Mid Ocean Limited (MOCL), a 25.6% owned affiliate, which is accounted for by the equity method, is as follows (U.S. dollars in thousands):

Income Statement Data	Three Months Ended July 31, 1997	Three Months Ended July 31, 1996	Nine Months Ended July 31, 1997	Nine Months Ended July 31, 1996
	(unaudited)			
Net premiums earned	$128,047	$ 114,102	$366,895	$ 318,481
Net investment income	27,024	21,052	76,200	60,009
Net realized gains (losses) on sale of investments	5,124	(8,396)	4,395	(1,200)
Net income	65,512	$ 46,217	180,430	$ 155,004
Company's share of net income	$ 16,768	$ 13,081	$ 46,168	$ 43,476

Balance Sheet Data	July 31, 1997	October 31, 1996
	(Unaudited)	
Cash, investments and accrued interest	$1,744,952	$1,539,259
Other assets	590,246	483,440
Total assets	$2,335,198	$2,022,699
Reserves for losses and loss expenses	$ 489,456	$ 422,251
Reserves for unearned premiums	393,733	287,494
Other liabilities and minority interest	168,088	195,755
Shareholders' equity	1,283,921	1,117,199
Total liabilities and shareholders' equity	$2,335,198	$2,022,699
Company's share of shareholders' equity	$ 328,620	$ 314,256

The Company received dividends from its affiliate of $7.3 million, and $4.0 million during the quarters ended August 31,1997 and 1996 and $21.8 million and $9.0 million for each of the nine month periods then ended.

3. ACCOUNTING STANDARDS

The Financial Accounting Standards Board ("FASB") issued SFAS No. 128, "Earnings per Share", effective for fiscal years ending after December 15, 1997. Earlier application is not permitted. This statement simplifies the standards in APB-15 for computing earnings per share by replacing primary earnings per share and by altering the calculation of diluted earnings per share, which replaces fully diluted earnings per share.

FASB issued SFAS No. 129, "Disclosure of Information about Capital Structure", effective for fiscal years ending after December 15, 1997. This statement consolidates existing disclosure requirements and eliminates the exemption for non public entities from certain disclosure.

FASB issued SFAS No. 130, "Reporting Comprehensive Income", effective for fiscal years ending after December 15, 1997. This statement requires that changes in shareholders' funds not relating to net income be fully analyzed. The Company already complies with these requirements.

FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", effective for fiscal years ending after December 15, 1997. This statement requires the disclosure of financial and descriptive information about reportable operating segments. This requirement will expand the Company's level of disclosure.

Apart from SFAS No. 131, these new standards are expected to have a minimal impact on the Company.

4. LOANS PAYABLE

The Company's $200 million revolving line of credit with Mellon Bank was replaced on June 11, 1997, by two revolving lines of credit, each for $250 million, one for 364 days, the other for 5 years. These facilities are provided by a syndicate of banks led by Mellon Bank and carry facility fees of 0.05% and 0.065% respectively.

As at August 31, 1997 the outstanding balance was $170 million and is repayable within the next twelve months. The weighted average interest rate on borrowings to date was 6.178%.

EXEL LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations for the Three Months Ended August 31,1997 Compared to the Three Months Ended August 31, 1996

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

Table I

	Three Months Ended August 31, 1997	1996	% Change
	(unaudited)		
Gross premiums written	$134,460	189,488	(29.0%)
Net premiums written	109,423	152,635	(28.3%)
Net premiums earned	138,034	124,537	10.8%

The decrease in gross premiums written in the third quarters of 1997 and 1996 was impacted by specialty reinsurance assumed ("SRA") contracts written in the third quarter of 1996 and 1995, being rewritten, resulting in the return of $23.4 million and $59.3 million in premium of which $19.5 million and $48.5 million was unearned, respectively. Further discussion is provided on this matter following Table II.

Gross premiums written were also affected by the level of multi-year policies written or as in the above case, cancelled in any given year. If gross premiums were adjusted for this multi-year effect, in addition to the above mentioned SRA items, gross premiums written would have been $178.6 million and $175.0 million respectively.

A discussion of the decrease in net premiums written and net premiums earned can be found following Table III.

Table II presented below, reflects the split of gross premiums written by X.L. Insurance Company, Ltd. (X.L.), X.L. Europe Insurance (X.L.E.) and X.L. Global Reinsurance Company, Ltd. (XLGRe - the merged operations of X.L. Reinsurance Company, Limited and Global Capital Reinsurance Limited) by line of business and after multi-year adjustments.

Table II

	Three Months Ended August 31,							
	1997				1996			
	X.L.	X.L.E.	XLGRe	Total	X.L.	X.L.E.	XLGRe	Total
	(Unaudited)							
General liability	$ 60,121	$ 7,172	$ -	$ 67,293	$102,425	$10,879	-	$113,304
Directors and officers liability	5,142	110	-	5,252	6,128	219	-	6,347
Professional liability	17,175	3,120	-	20,295	20,874	1,766	-	22,640
Employment practices liability	5,717	-	-	5,717	1,534	-	-	1,534
Property	8,298	1,179	-	9,477	12,854	718	-	13,572
X.L. Risk solutions	8,347	-	-	8,347	2,472	-	-	2,472
Reinsurance assumed	21,687	474	41,600	63,761	3,115	2,157	7,435	12,707
Annualized premiums	126,487	12,055	41,600	180,142	149,402	15,739	7,435	172,576
Multi-year premiums	(15,892)	(1,450)	(28,340)	(45,682)	2,774	3,630	10,508	16,912
Gross premiums written	$110,595	$10,605	$ 13,260	$134,460	$152,176	$19,369	$17,943	$189,488

The increase in gross written premiums on an annual basis is largely due to reinsurance assumed. This growth is reflective of the increase in treaty reinsurance and other specialty covers assumed by XLGRe. This growth has been offset by decreases in all other product lines with the exception of X.L. Risk Solutions and employment practices liability (EPL).

As disclosed in previous filings, some SRA policies can have significant premiums due to the nature of the risks and the multi-year coverage. These policies are loss sensitive, providing large penalty premiums in the event of losses, and the return of significant levels of premiums where little or no losses are incurred by the end of the policy term. As mentioned earlier, return premiums of $23.4 million and $59.3 million were recorded in the 1997 and 1996 quarters, of which $3.9 million and $10.8 million had been earned, respectively. The net expense in the respective quarters was offset by the release of the same amount accrued in experience reserves. Because of the now apparent intent of these reinsureds to cancel and rewrite their contracts after one year when they are loss free, only the first year of the go forward contracts net of experience contributions have been recorded, resulting in gross premiums written of $5.4 million and $3.4 million, respectively.

SRA premiums assumed by X.L.E. relate in part to reinsurance protection to a Bermuda insurer which provides certificates of responsibility to ship owners for compliance with the U.S. Oil Pollution Act of 1990. Premiums from this program have decreased largely due to a restructuring of the facility to an excess of loss basis from a quota share basis.

X.L. Risk Solutions was introduced late in the second quarter of 1996. X.L. Risk Solutions is a coordinated initiative with CIGNA Risk Solutions, between a subsidiary of the Company and CIGNA Property and Casualty ("CIGNA"). It provides combined limits of capacity for two or more of the Company's stand alone product lines over three or more years.

EPL was also a new product line introduced in 1996. Accordingly, both lines reflect the immaturity of their introduction.

Decreases in the other product lines reflect the impact of competitive pressures from the U.S. domestic market and Lloyds of London resulting in a combined retention rate for these lines of 74%. Average attachments on premiums written for the casualty product lines increased from $63.7 million to $89.5 million and limits decreased marginally from $71.0 million to $69.9 million for the quarters ended August 31, 1996 and 1997, respectively.

Table III presents certain underwriting information with respect to the business written by the Company for the periods indicated (U.S. dollars in thousands):

Table III	Gross Premiums Written		Net Premiums written		Net Premiums earned	
	Three Months Ended August 31					
	1997	1996	1997	1996	1997	1996
	(Unaudited)					
General liability	$ 68,965	$134,051	$ 52,261	$108,944	$ 58,031	$ 86,768
Directors and officers liability	6,353	7,180	6,353	7,180	5,201	5,754
Professional liability	16,898	24,100	16,898	24,100	13,644	14,483
Employment practices liability	5,717	1,534	3,582	931	1,518	121
Property	12,055	21,420	8,816	16,039	5,717	5,321
Risk solutions	8,982	16,058	6,633	10,296	2,822	61
Reinsurance assumed	15,490	(14,855)	14,880	(14,855)	51,101	12,029
	134,460	189,488	109,423	152,635	138,034	124,537
Multi year premiums	45,682	(16,912)	46,948	(6,669)	-	-
Annual adjustments for SRA contracts	(1,525)	2,425	(1,525)	2,425	2,168	3,019
Adjusted premiums	$178,617	$175,001	$154,846	$148,391	$140,202	$127,556

The increase in net premiums written after these adjustments reflects the shrinkage of the general liability product line, as evidenced by the annual premiums in Table II. As the premiums ceded under said line decrease, and the reinsurance premiums assumed increases, which is not retroceded, net premiums written will increase.

Net premiums written in the third quarter were affected by the SRA anomalies and multi-year adjustments.

The increase in net earned premiums is reflective of the reasons impacting both gross and net premiums written as discussed previously.

Table IV presents an analysis of the Company's revenues from its portfolio of investments and its investment in affiliates (U.S. dollars in thousands):

Table IV

Table IV	Three Months Ended August 31, 1997	1996	% Change
	(unaudited)		
Net investment income	$ 56,109	$50,310	11.5%
Net realized gains (losses)	116,400	(4,603)	N/M
Equity in net earnings of affiliate	16,219	13,081	24.0%

Net investment income has increased principally due to a larger asset base over the same quarter last year.

The increase in realized gains resulted from the equity managers capturing gains as the stock market surged to record levels during the quarter.

Equity in net earnings of affiliates increased due to Mid Ocean Limited reporting a 41.8% increase in net income in their third quarter of 1997 compared to the same period in 1996. The Company's relative share however, was lower due to its ownership declining from 28.2% to 25.6%

Table V sets forth the Company's combined ratios and the components thereof for the periods indicated using U.S. generally accepted accounting principles (U.S. dollars in thousands):

Table V

	Three Months Ended August 31, 1997	1996
	(unaudited)	
Loss and loss expense ratio	61.6%	78.6%
Underwriting expense ratio	19.7%	16.4%
Combined ratio	81.3%	95.0%

The decrease in the loss ratio is largely a result of the nature of the reinsurance assumed business, of which a significant component has been short tail. While this business is currently lowering the loss ratio, any losses incurred relative to same could have a negative effect on the Company's operating results due to the absence of reserves in respect thereof.

During the fourth quarter of 1996, X.L. acquired the assets of the American Excess Insurance Association ("AEIA"). X.L. is subject to a fee based upon the level of the AEIA book that binds with X.L. This fee will be expensed over five years. After adjusting for the aforementioned item, the expense ratio would have been 18.7%. In addition acquisition costs are 1.5% higher reflecting the competitive pressures of the market and the nature of the treaty reinsurance business.

Net income was $206.6 million or $2.41 per share and $64.5 million or $0.72 per share for the quarters ended August 31, 1997 and 1996, respectively, representing an increase of 234.7% per share. The increase in per share amounts is primarily due to realized investment gains of $116.4 million compared to losses of $4.6 million for the respective quarters.

Results of Operations for the Nine Months Ended August 31, 1997
Compared to the Nine Months Ended August 31, 1996

The following table presents a summary analysis of the Company's underwriting revenues for the periods indicated (US dollar in thousands):

Table I

	Nine Months Ended August 31, 1997	Nine Months Ended August 31, 1996	% Change
	(unaudited)		
Gross premiums written	$320,076	$568,787	(43.7%)
Net premiums written	250,742	460,158	(45.5%)
Net premiums earned	387,688	386,747	0.2%

The decrease in gross premiums written in the first nine months of 1997 and 1996 was impacted by several SRA contracts written in the first nine months of 1996 and 1995 being rewritten, resulting in the return of $112.4 million and $59.3 million in premium, respectively. Of these amounts $94.1 million and $48.5 million were unearned. In addition, in the first quarter of 1996, another SRA contract was written retroactively from June 1, 1995 resulting in a premium of $22.5 million over three years.

Gross premiums written are also affected by the level of multi-year policies written or as in the above case, cancelled in any given year. If gross premiums were adjusted for this multi-year effect and the above mentioned SRA items were also excluded, gross premiums written would have been $432.9 million and $431.2 million, respectively.

A discussion of the decrease in net premiums written and net premiums earned can be found following Table III.

The following table presents the split of gross premiums written by X.L., X.L.E and XLGRe by line of business, for the periods indicated, adjusted for the effects of multi-year premiums (US dollars in thousands):

Table II

	Nine Months Ended August 31, 1997				1996			
	X.L.	X.L.E.	XLGRe	Total	X.L.	X.L.E.	XLGRe	Total
	(Unaudited)							
General liability	$175,104	$33,573	-	$ 208,677	$238,667	$44,059	-	$282,726
Directors and officers liability	12,124	1,420	-	13,544	16,009	1,742	-	17,751
Professional liability	29,262	6,578	-	35,840	32,032	5,175	-	37,207
Employment practices liability	10,446	-	-	10,446	1,534	-	-	1,534
Property	18,342	2,957	-	21,299	19,862	680	-	20,542
X.L. Risk solutions	14,923	-	-	14,923	4,372	-	-	4,372
Reinsurance assumed	30,655	6,272	84,422	121,349	13,265	14,603	63,975	91,843
Annualized premiums	290,856	50,800	84,422	426,078	325,741	66,259	63,975	455,975
Multi-year premiums	(690)	(3,833)	(101,479)	(106,002)	(11,564)	13,410	110,966	112,812
Gross premiums written	$290,166	$46,967	$ (17,057)	320,076	$314,177	$79,669	$174,941	$568,787

The decrease in gross written premiums on an annual basis is due to the continuing competitive pressures felt by the Company's property and traditional casualty product lines.

As mentioned earlier during the first nine months of 1997 and 1996 several SRA contracts were rewritten resulting in the return of $112.4 million and $59.3 million in premium of which $18.3 million and $10.8 million had been earned, respectively. The net expense of the $18.3 million and $10.8 million was offset by the release of the same amount accrued in experience reserves. For reasons previously discussed, only the first year of the go forward contract net of experience contributions has been recorded, resulting in gross premiums written of $11.5 million and $3.4 million, respectively.

During the first quarter of 1996 X.L. wrote an SRA policy retroactively from June 1, 1995 resulting in an adjusted premium of $15.3 million and a future year premium of $7.3 million. The corresponding annual premium in the first nine months of 1997 was $7.3 million.

Reinsurance premiums assumed by X.L.E. relate in part to reinsurance protection to a Bermuda insurer which provides certificates of responsibility to ship owners for compliance with the U.S. Oil Pollution Act of 1990. Premiums from this program have decreased largely due to a restructuring of the facility to an excess of loss basis from a quota share basis.

Reinsurance premium assumed represents the most significant area of growth for the Company. This is reflective of the increase in treaty reinsurance and other specialty covers assumed by XLGRe.

Employment practices liability represents the only other area of growth in the first nine months.

The decline in the other product lines reflects the impact of competitive pressures from the U.S. domestic market and Lloyds of London resulting in a combined retention rate for these lines of 80.9%. Average attachments on premiums written for the casualty product lines increased from $77.1 million to $98.1 million and limits increased from $65.8 million to $71.2 million for the nine months ended August 31, 1996 and 1997 respectively.

Table III presents certain underwriting information with respect to the business written by the Company for the periods indicated (US dollars in thousands):

Table III	Gross Premiums Written		Net Premiums Written		Net Premiums Earned	
	Nine Months Ended August 31					
	1997	1996	1997	1996	1997	1996
	(Unaudited)					
General liability	$204,962	$ 320,890	$151,086	$228,354	$204,658	$249,973
Directors and officers liability	15,201	19,424	15,201	19,424	16,154	18,286
Professional liability	35,994	39,427	35,994	39,427	39,086	41,672
Employment practices liability	10,446	1,534	6,501	931	3,519	121
Property	31,133	32,515	24,064	24,362	16,060	15,302
Risk solutions	22,401	21,758	18,567	14,421	6,926	178
Reinsurance assumed	(61)	133,239	(671)	133,239	101,285	61,215
	320,076	568,787	250,742	460,158	387,688	386,747
Multi-year premium	106,002	(112,812)	124,216	(98,083)	-	-
Annual adjustments for SRA contracts	6,852	(24,772)	6,852	(24,772)	7,361	(14,146)
Reinsurance general liability quota share of unearned premium	-	-	-	35,544	-	-
Adjusted premiums	$432,930	$ 431,203	$381,810	$372,847	$395,049	$372,601

Net premiums written were affected by the SRA anomalies and multi-year adjustments. In addition, the first nine months of 1996 reflects the cession of part of the general liability unearned premium reserve of $35.5 million on December 1, 1995, the commencement of the general liability quota share treaty. The increase in net premiums written after these adjustments, relative to the comparatively flat growth of gross premiums written, reflects the decrease of the general liability premiums, and accordingly the premiums ceded.

Net earned premiums were also impacted by the SRA volatility. As disclosed above, if these SRA premiums had been excluded, net earned premiums would have been $395.0 million and $372.6 million for 1997 and 1996, respectively.

Table IV presents an analysis of the Company's revenues from its portfolio of investments and its investment in affiliates (U.S. dollars in thousands):

Table IV

	Nine Months Ended August 31, 1997	Nine Months Ended August 31, 1996	% Change
	(unaudited)		
Net investment income	$161,826	$148,332	9.1%
Net realized gains	275,326	147,658	N/M
Equity in net earnings of affiliate	45,113	43,476	3.8%

Net investment income has increased principally due to a larger asset base over the same period last year.

The significant gains realized in 1996 were the result of the liquidation of two fixed maturity portfolios and one equity portfolio due to similarities in strategies between managers. During the first nine months of 1997, the fixed maturity and equity portfolios were extensively restructured, realizing significant gains. Additional gains were also "locked in" by the equity managers as the stock market reached all time highs. Total gains realized by the equity managers during the nine month period ended August 31, 1997 was $261.7 million of which $38.5 million were gains realized by a synthetic equity portfolio. A further discussion of these derivatives is included under "Financial Condition and Liquidity" section of the Management Discussion and Analysis.

The increase in equity earnings in affiliates reflects the high earnings of Mid Ocean Limited ("MOCL") offset by a decrease in the Company's ownership from approximately 28.0% in 1996 to 25.6% at the end of the first nine months of 1997, due to the exercise of options by MOCL's founding shareholders.

Table V sets forth the Company's combined ratios and the components thereof for the periods indicated using U.S. generally accepted accounting principles (U.S. dollars in thousands):

Table V

	Nine Months Ended August 31, 1997	Nine Months Ended August 31, 1996
	(unaudited)	
Loss and loss expense ratio	67.4%	79.0%
Underwriting expense ratio	18.4%	15.0%
Combined ratio	85.8%	94.0%

The decrease in the loss and loss expense ratio reflects the shift in business written from the longer tailed casualty book of business to the short tailed business assumed through the SRA contracts and the treaty business. The reserving methodology on the SRA business is applied on a contract by contract basis. A significant component of this business has been short tail, and due to the level of attachments involved, no incurred but not reported reserve has been accrued on several contracts. While these contracts are currently lowering the loss ratio, any losses incurred on these contracts could have a negative effect on the Company's operating results due to the absence of reserves in respect thereof. Similarly, losses on treaty reinsurance assumed can cause swings in this ratio as the shortness of the tail dictates relatively quickly the adequacy or redundancy of reserves.

During the fourth quarter of 1996, X.L. acquired the assets of the AEIA. X.L. is subject to a fee based upon the level of the AEIA book that binds with X.L. This fee will be expensed over five years. After adjusting for the aforementioned items, the expense ratio would have been 17.3%. The expense ratio was also affected by higher acquisition costs of 0.8% for the comparative period, reflecting the competitive pressures of the market and the nature of the treaty reinsurance business.

Net income was $526.3 million or $6.09 per share and $360.6 million or $3.88 per share for the nine months ended August 31, 1997 and 1996, respectively, representing an increase of 57.0% per share. The increase in per share amounts is primarily due to realized investment gains of $275.3 million compared to $147.7 million and a reduction in the weighted average shares outstanding from 92.9 million to 86.5 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 are limited to accumulated net realized profits, the Company's subsidiaries, X.L. and XLGRe, must maintain certain minimum levels of statutory capital and surplus, solvency and liquidity pursuant to Bermuda statutes and regulations. At August 31, 1997, X.L., the principal subsidiary, could have paid dividends in the amount of approximately $1.5 billion. Neither the Company nor any of its subsidiaries other than X.L. and XLGRe 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 August 31, 1997 was $2.4 billion, of which $1.9 billion was retained earnings.

At August 31, 1997, total investments and cash net of the unsettled investments trades were $4.2 billion, compared to $4.0 billion at November 30, 1996. The Company's fixed income investments (including short-term investments and cash equivalents) at August 31, 1997 represented approximately 80% of invested assets and were managed by several outside investment management firms with different strategies. Substantially all fixed income securities are of investment grade, and approximately 61.5% of the portfolio is in U.S. and non-U.S. sovereign government obligations, corporate bonds and other securities rated Aa or AA or better by a nationally recognized rating agency. Cash and cash equivalents net of pending investment trades was $353.7 million at August 31, 1997, compared to $210.6 million at November 30, 1996.

In fiscal 1996 and in fiscal 1997 through August 31, the total amount of losses paid by the Company was $302.6 million and $165.2 million, respectively.

Financial Condition and Liquidity (Continued)

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 0.4 to 1 (calculated on an annualized basis) for the nine months ended August 31, 1997 and for the year ended November 30, 1996.

The Company 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. These reserves are calculated 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.

The Company commenced its initial share buy back program in September 1993 as authorized by the Board of Directors and obtained approval for subsequent programs as each program was completed. As at August 31, 1997 the Company had repurchased 27.6 million shares in total. During the nine months then ended, the Company purchased 3.4 million shares at a cost of $139.1 million, which was funded from operations. The Company has 2.4 million shares remaining in its authorized buy back program.

During the nine month period ended August 31, 1997 there were several draw downs from the Company's revolving line of credit facility with Mellon Bank. The first $30 million was drawn on April 14, 1997, repayable on October 14, 1997 and another $30 million was drawn on May 5, 1997 repayable June 5, 1997. Each of these amounts were rolled into a $460 million loan on June 12, 1997 which facilitated the purchase of GCR Holdings Limited ("GCR") for which $656.3 million was paid during the period. The amount of $300 million was repaid on July 11, 1997 through the liquidation of the GCR investment portfolio. Two principal amounts of $40 million and one of $80 million are repayable September 12 and December 12, 1997 and July 12, 1998, respectively. The weighted average interest rate on these borrowings was 6.178%.

Derivative Financial Instruments

Foreign Currency Risk Management

As part of its current investment strategy, the Company invests in non-U.S. Dollar denominated fixed maturities and equities. The Company hedges the majority of the foreign currency exposure of its non-U.S. Dollar fixed maturity investments using forward foreign exchange contracts that generally have maturities of three months or less, and which are rolled over to provide continuing coverage for as long as the investments are held. When an investment is sold, the related foreign exchange sale contract is closed by entering into an offsetting purchase. At August 31, 1997 the Company had, as hedges, foreign exchange contracts for the sale of $159.9 million and the purchase of $56.6 million of foreign currency at fixed rates, primarily Deustche Mark (26.63% of net contract value), Finnish Markka (26.23%), Swedish Kroner (21.12%) and Japanese Yen (18.12%). No other currency was greater than 10%. The market value of non-U.S. Dollar fixed maturities held by the Company as at August 31, 1997 that were hedged by foreign exchange contracts was $112.3 million.

Unrealized foreign exchange gains or losses on foreign exchange contracts hedging non-U.S. Dollar fixed maturity investments are deferred and included in shareholders' equity. As at August 31, 1997, unrealized deferred gains amounted to $1.9 million, and were offset by corresponding decreases in the dollar value of the investments. Realized gains and losses on the maturity of these contracts are also deferred and included in shareholders' equity until the corresponding investment is sold. As at August 31, 1997, realized deferred gains amounted to $5.3 million.

The Company uses foreign exchange contracts to manage the foreign exchange risk of fluctuating foreign currencies on the value of its non-U.S. Dollar equity investments. These contracts are not designated as specific hedges and, therefore realized and unrealized gains and losses recognized on them are recorded as a component of net realized gains and losses in the period in which they occur. At August 31, 1997, the Company had such forward contracts outstanding of $586.3 million, with unrealized gains of $11.3 million. Gains of $22.6 million were realized during the nine month period then ended. Based on the outstanding contracts' value, a 5% appreciation or devaluation of the U.S. Dollar as compared to the level of other currencies under contract at August 31, 1997 would have resulted in approximately $2.6 million in unrealized gains or $24.9 million in unrealized losses, respectively.

Derivative Financial Instruments

Foreign Currency Risk Management (Continued)

The Company also manages exchange risk for a portion of its non-U.S. Dollar fixed maturity portfolio in a manner similar to that of its non-U.S. Dollar equity portfolio. The Company had outstanding forward contracts for sale of $450.3 million and for purchase of $328.2 million of foreign currencies at fixed rates. A 5% appreciation or devaluation of the U.S. Dollar as compared to the other currencies under contract at August 31, 1997 would have resulted in unrealized gains of approximately $10.6 million and $624,000, respectively. The market value of the non-U.S. Dollar fixed maturities held was $324.5 million.

In addition, the Company also enters into foreign exchange contracts to buy and sell foreign currencies in the course of trading its non-U.S. Dollar investments. These contracts are not designated as specific hedges, and generally have maturities of two weeks or less. As such, any realized or unrealized gains or losses are recorded in income in the period in which they occur. At August 31, 1997, the Company had $2.6 million of such contracts outstanding, and had realized losses of $1.2 million in the nine month period. Based on this value, a 5% appreciation or devaluation of the U.S. Dollar as compared to the level of other currencies under contract at August 31, 1997 would have had no material effect on income.

Speculative Financial Instruments

In accordance with its current investment guidelines, the Company may invest up to 30% of its investment portfolio in equity securities. During 1996 these guidelines were amended so that this exposure could be obtained by direct holdings of publicly traded equities and by investing in a synthetic portfolio. In this synthetic equity portfolio, S&P 500 Index futures are held with an exposure approximately equal in amount to the market value of underlying assets held in this portfolio. As at August 31, 1997, the portfolio held $201.4 million in exposure to S&P 500 Index futures together with fixed maturities, short-term investments and cash amounting to $206.8 million. Based on this value, a 5% increase or decrease in the price of these futures would have resulted in positions of $211.5 million and $191.3 million, respectively. The value of the futures is updated daily with the change recorded in income as a realized gain or loss. For the nine months ended August 31, 1997, net realized gains from index futures totalled $38.4 million.

Speculative Financial Instruments (Continued)

Another investment manager utilizes both stock and bond futures in the global market to take advantage of market inefficiencies between countries and types of securities. All futures are collateralized by cash and cash equivalents. The total stock and bond futures' exposure at August 31, 1997 for this manager was $57.8 million with underlying investments having a value of $56.3 million. A 5% appreciation or devaluation of these futures would have resulted in unrealized gains of approximately $2.9 million and unrealized losses of $2.9 million.

One of the Company's investment managers applies a global asset allocation strategy, investing in both equity and fixed income securities as well as tactical currency positioning. This manager had outstanding foreign exchange contracts for sale of $20.8 million and for purchase of $21.3 million. A 5% appreciation or devaluation of the U.S. dollar would have resulted in unrealized losses of approximately $166,000 and $119,000, respectively.

With the introduction of the new fixed maturity and equity managers earlier in 1997, certain managers may utilize derivative instruments to add value to the investments they manage where they believe market inefficiencies exist. At August 31, 1997 bond and stock index futures outstanding were $378.6 million with underlying investments having a market value of $2.0 billion (All managers are restricted from leveraging their derivative positions). A 5% appreciation or devaluation of these derivative instruments at this time would have resulted in unrealized gains of approximately $18.9 million and unrealized losses of $18.9 million.

Accounting Standards

The Financial Accounting Standards Board ("FASB") issued SFAS No. 128, "Earnings per Share", effective for fiscal years ending after December 15, 1997. Earlier application is not permitted. This statement simplifies the standards in APB-15 for computing earnings per share by replacing primary earnings per share and by altering the calculation of diluted earnings per share, which replaces fully diluted earnings per share.

Accounting Standards (Continued)

FASB also issued SFAS No. 129, "Disclosure of Information about Capital Structure", effective for fiscal years ending after December 15, 1997. This statement consolidates existing disclosure requirements and eliminates the exemption for non public entities from certain disclosure.

FASB issued SFAS No. 130, "Reporting Comprehensive Income", effective for fiscal years ending after December 15, 1997. This statement requires that changes in shareholders' funds not relating to net income be fully analyzed. The Company already complies with these requirements.

FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", effective for fiscal years ending after December 15, 1997. This statement requires the disclosure of financial and descriptive information about reportable operating segments. This requirement will expand the Company's level of disclosure.

Apart from SFAS No. 131, these new standards are expected to have a minimal impact on the Company.

Current Outlook

The Company believes competitive pressures will continue throughout fiscal 1997 and constrain growth in the Company's traditional product lines. However, the Company believes specific opportunities will exist in 1997 for growth in the Company's X.L. Risk Solutions and employment practices liability product lines, XLGRe's specialty reinsurance lines, further developments in non-U.S. business and selected types of political risk insurance.

The Company undertakes no obligation to update publicly changes in its beliefs expressed herein.

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 were no reports on Form 8-K filed during the three months ended August 31, 1997.

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)

October 13, 1997

/s/ Brian M. O'Hara
Brian M. O'Hara
President and
Chief Executive Officer

October 13, 1997

/s/ Brian G. Walford
Brian G. Walford
Executive Vice President and
Chief Financial Officer

Exhibit 11

EXEL LIMITED

COMPUTATION OF EARNINGS PER ORDINARY SHARE AND ORDINARY SHARE EQUIVALENT

(U.S. dollars in thousands except per share amounts)

	Three Months Ended August 31, 1997	Three Months Ended August 31, 1996	Nine Months Ended August 31, 1997	Nine Months Ended August 31, 1996
	(Unaudited)		(Unaudited)	
	(U.S. Dollars in thousands except per share amounts)			
(A) Earnings per ordinary share and ordinary share equivalent -- primary:				
Weighted average shares outstanding...	84,378	89,026	85,356	91,890
Average stock options outstanding (net of repurchased shares under the treasury stock method).......	1,302	816	1,117	1,045
Weighted average ordinary shares and ordinary share equivalents outstanding........	85,680	89,842	86,473	92,935
Net income:				
Actual net income...	$ 206,560	$ 64,545	$ 526,258	$ 360,620
Assumed earnings on excess option proceeds...........	-	-	-	-
Adjusted net income	$ 206,560	$ 64,545	$ 526,258	$ 360,620
Earnings per ordinary share and ordinary share equivalent....	$ 2.41	$ 0.72	$ 6.09	$ 3.88

	Three Months Ended August 31, 1997	1996	Nine Months Ended August 31, 1997	1996
	(Unaudited)		(Unaudited)	
	(U.S. Dollars in thousands except per share amounts)			
(B) Earnings per ordinary share and ordinary share equivalent -- assuming full dilution:				
Weighted average shares outstanding...............	84,378	89,026	85,356	91,890
Average stock options outstanding (net of repurchased shares under the treasury stock method).............	1,368	816	1,445	1,045
Weighted average ordinary shares and ordinary share equivalents outstanding...............	85,746	89,842	86,801	92,935
Net income:				
Actual net income.........	$ 206,560	$ 64,545	$ 526,258	$ 360,620
Assumed earnings on excess option proceeds....	-	-	-	-
Adjusted net income.........	$ 206,560	$ 64,545	$ 526,258	$ 360,620
Earnings per ordinary share and ordinary share equivalent..........	$ 2.41	$ 0.72	$ 6.06	$ 3.88

This schedule contains summary financial information extracted from The Consolidated Balance Sheets and Consolidated Statements of Income and is qualified in its entirety by reference to such financial statements.

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AUG-31-1997
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