

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

Annuity and Life Re (Holdings), Ltd.

(Name of Issuer)

Common Shares, par value \$1.00

(Title of Class of Securities)

G03910 10 9

(CUSIP Number of Class of Securities)

Paul S. Giordano
Senior Vice President, General Counsel and Secretary
EXEL Limited
Cumberland House
One Victoria Street
P.O. Box HM2245
Hamilton HM JX
Bermuda
(441) 292-8515

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

April 15, 1998

(Date of Event which Requires
Filing of this Schedule)

If the filing person has previously filed a statement on
Schedule 13G to report the acquisition which is the subject of this
Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3)
or (4), check the following: []

1 NAME OF REPORT PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

EXEL Limited.

I.D. # (none)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []

(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

1,418,440

NUMBER OF 8 SHARED VOTING POWER
SHARES

BENEFICIALLY 0
OWNED BY

EACH 9 SOLE DISPOSITIVE POWER
REPORTING

PERSON WITH 0

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

1,418,440

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.18%

14 TYPE OF REPORTING PERSON*

CO

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

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Item 1. Security and Issuer.

This statement on Schedule 13D relates to the Common Shares, par value \$1.00 per share, of Annuity and Life Re (Holdings), Ltd. (the "Company"), and is being filed pursuant to Rule 13d-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The address of the principal executive offices of the Company is Victoria Hall, Victoria Street, P.O. Box HM1262, Hamilton HM FX, Bermuda.

Item 2. Identity and Background.

This statement is filed by EXEL Limited, ("EXEL"), a Cayman Islands corporation. EXEL is a diversified Bermuda-based insurance and reinsurance holding company. The address of the principal business and principal office of EXEL is Cumberland House, One Victoria Street, P.O. Box HM2245, Hamilton HM JX, Bermuda.

(a) Not applicable.

(b) Not applicable

(c) Not applicable.

(d) EXEL has not and, to the best of its knowledge, none of its directors or executive officers has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) EXEL has not and, to the best of its knowledge, none of its directors or executive officers has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final

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order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The total amount of funds required by EXEL to purchase the Securities (as defined below), pursuant to the Purchase Agreement described in Item 4, was \$20,000,000, and was furnished from the working capital of EXEL.

Item 4. Purpose of Transaction.

As of March 4, 1998, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with the Company pursuant to which EXEL agreed to purchase, subject to certain conditions, 1,418,440 Common Shares of the Company (the "Shares") and 100,000 Warrants to purchase Common Shares (the "Warrants, and together with the Shares, the "Securities") for an aggregate purchase price of \$20,000,000 (the "Purchase"). Pursuant to the Purchase Agreement, the Company agreed to issue the Securities to EXEL in consideration of the purchase price.

At the closing under the Purchase Agreement on April 15, 1998, EXEL purchased the Securities. The Shares represent beneficial ownership of

approximately 6.18% of the outstanding voting securities of the Company. The Warrants to purchase an additional 100,000 Common Shares are exercisable as to one-third of the total on and after April 15, 1999, April 15, 2000 and April 15, 2001, respectively, at an exercise price of \$15.00 per share

Registration Rights. The Shares, the Warrants and the Common Shares issuable upon exercise of the Warrants will not be

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registered under the Securities Act of 1933, as amended (the "Securities Act"). Pursuant to a Registration Rights Agreement, dated April 15, 1998 (the "Registration Rights Agreement"), the Company has granted EXEL demand and piggy-back registration rights with respect to the Shares and the Common Shares issuable upon exercise of the Warrants ("Registrable Securities"). The Company has agreed to use its best efforts to effect any registration requested by the holders of 30% or more of the then outstanding Registrable Securities and has agreed to give the holders of Registrable Securities the opportunity to sell their Registrable Securities pursuant to certain other registration statements that may be filed by the Company under the Securities Act.

The foregoing descriptions of the Purchase Agreement and the Registration Rights Agreement are qualified in their entirety by reference to the Purchase Agreement and the Registration Rights Agreement, which are attached hereto as Exhibit 1 and Exhibit 2, respectively, and are incorporated herein by reference.

The Purchase was effected because of EXEL's belief that the Company represents an attractive investment. Brian M. O'Hara, a director of the Company, currently serves as the President and Chief Executive Officer of EXEL. In addition, Michael P. Esposito, Jr., a director of the Company, currently serves as a non-executive Chairman of the Board of EXEL, and Robert Clements, a director of the Company, currently serves as a director of EXEL. Robert M. Lichten, a director of the Company, has agreed to serve as a director of a United States-based subsidiary of EXEL. EXEL presently expects to limit its involvement in the

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management of the Company to representation on the Company's Board of Directors.

EXEL may from time to time acquire Common Shares or dispose of Common Shares through open market or privately negotiated transactions or otherwise, depending on existing market conditions and other considerations discussed below. EXEL intends to review its investment in the Company on a continuing basis and, depending upon the price and availability of Common Shares, subsequent developments affecting the Company, the Company's business and prospects, other investment and business opportunities available to EXEL, general stock market and economic conditions, tax considerations and other factors considered relevant, may decide at any time to increase, or to decrease, the size of its investment in the Company.

EXEL does not have and, to the best of its knowledge none of its officers or directors has, any plans or proposals which relate to or would result in: (a) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Company or any of its subsidiaries; (d) any change in the present Board of Directors or management of the Company, including

any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board; (e) any material change in the present capitalization or dividend policy of the Company; (f) any other

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material change in the Company's business or corporate structure; (g) changes in the Company's charter, By-Laws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person; (h) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; or (j) any action similar to any of those enumerated above.

Item 5. Interest in Securities of the Issuer.

(a) As of April 15, 1998, EXEL beneficially owned 1,418,440 Common Shares of the Company. Additionally, EXEL has the right to acquire an additional 100,000 Common Shares pursuant to the Warrants (which are currently not exercisable). As of April 15, 1998, 1,418,440 Common Shares represented approximately 6.18% of the outstanding Common Shares, based on the Company's representation that 22,938,185 Common Shares were outstanding as of that date.

(b) EXEL has the sole irrevocable power to vote or to direct the vote of the Common Shares and any Common Shares which it may acquire upon exercise of the Warrants.

(c) Except for the Purchase, EXEL has not effected any transactions in the Common Shares during the preceding 60 days.

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(d) No person other than EXEL has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Securities.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Under the Purchase Agreement, EXEL has agreed that until April 15, 1999 it will limit its transfer of Shares and Warrants to its Affiliates or to institutional holders purchasing in large blocs, unless the Company otherwise consents. Also in connection with the Company's underwritten public offering of 17,078,765 Common Shares, EXEL agreed in a letter agreement (the "Lock-up Agreement") that it would not directly or indirectly, without the prior written consent of Prudential Securities Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated. (as representatives of the underwriters of such offering) and the Company, offer, sell, offer to sell, contract to sell, transfer, assign, pledge, hypothecate, grant any option to purchase, or otherwise sell or dispose (or announce any of the foregoing) of any Common Shares or any other securities convertible into, or exercisable for, any Common Shares or other capital stock of the Company for the period ending on April 8, 1999. A copy of the Lock-up Agreement is attached hereto as Exhibit 3 and is incorporated herein by reference.

Except as described above in Item 4 (which is incorporated herein by reference) and in this Item 6, there are no contracts, arrangements,

understandings or relationships between EXEL and any other person with respect to any securities of the Company.

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Item 7. Material to be Filed as Exhibits.

1. Securities Purchase Agreement, dated as of March 4, 1998, by and between the Company and EXEL.

2. Registration Rights Agreement, dated April 15, 1998, between EXEL and the Company.

3. Letter Agreement, dated April 8, 1998, among EXEL, the Company, Prudential Securities Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

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SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated April 30, 1998

EXEL LIMITED

By: /s/ Paul S. Giordano

Paul S. Giordano
Senior Vice President, General
Counsel and Secretary

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SECURITIES PURCHASE AGREEMENT

ANNUITY AND LIFE RE (HOLDINGS), LTD.

March 4, 1998

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ANNUITY AND LIFE RE (HOLDINGS), LTD.

SECURITIES PURCHASE AGREEMENT

Dated as of March 4, 1998

To the Investor executing
this Agreement on the
signature page hereof

Ladies and Gentlemen:

ANNUITY AND LIFE RE (HOLDINGS), LTD., a Bermuda corporation (the "Company"), hereby agrees with you (the "Investor") as follows:

SECTION 1. AUTHORIZATION OF SECURITIES

The Company has duly authorized the issuance, sale and delivery of its common shares, par value \$1.00 per share (the "Common Shares") and its Class B Warrants to purchase its Common Shares, the form of which is attached hereto as Exhibit A (the "Class B Warrants").

SECTION 2. PURCHASE AND SALE OF SECURITIES

2.1. Issuance of Securities

Subject to the terms and conditions set forth in this Agreement and in reliance upon the Company's and the Investor's representations set forth below, on the Closing Date (as defined below) the Company shall sell to the Investor, and the Investor shall purchase from the Company, the number of Common Shares (the "Shares") and Class B Warrants (the "Warrants"), and at the aggregate cash purchase price (the "Purchase Price"), set forth opposite its name on Schedule 2.1. Such sale and purchase shall be effected on the Closing Date by the Company executing and delivering to the Investor, duly registered in its name (or that of its nominee), a duly executed stock certificate and warrant certificate evidencing the Shares and the Warrants being purchased by it, against delivery by the Investor to the Company of the Purchase Price by wire transfer of immediately available funds to such account as the Company shall designate, not less than three Business Days prior to the Closing Date. The Company is entering into securities purchase agreements (the "Other Agreements") substantially in the form of this Agreement with the other investors listed on Schedule 2.1 ("Other Investors" and, collectively with the Investor, the "Investors"). The Company's agreements with each of the Investors are separate agreements, and the sales to each of the Investors are separate sales.

2.2. Closing of Issuance

The closing of such sale and purchase (the "Closing") shall take place at 10:00 A.M., New York City time, on the IPO Closing Date or such other date as the Investor and the Company agree in writing (the "Closing Date"), at the offices of Willkie Farr & Gallagher, 153 East 53rd Street, New York, New York, or such other location as the Investor and the Company shall mutually select.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Investor that:

3.1. Corporate Organization

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of Bermuda. True and complete copies of the Memorandum of Association, Bye-Laws and other constitutive documents as amended through the date hereof (collectively, the "Organizational Documents") have been attached as Schedule 3.1(a) and Schedule 3.1(b) respectively.

(b) The Company has all requisite power and authority and has all necessary approvals, licenses, permits and authorization to own its properties and to carry on its business as presently contemplated to be conducted as described in Schedule 3.1(c). The Company has all requisite power and authority to execute and deliver the Transaction Documents and to perform its obligations hereunder and thereunder.

(c) The Company has filed all necessary documents to qualify to do business as a foreign corporation in, and the Company is in good standing under the laws of, each jurisdiction in which the conduct of the Company's business as presently contemplated as described in Schedule 3.1(c) or the nature

of the property owned by it or proposed to be owned requires such qualification, except where the failure to so qualify would not have a material adverse effect on the business, properties, prospects, profits or condition (financial or otherwise) of the Company and its subsidiaries taken as a whole (a "Material Adverse Effect").

3.2. Subsidiaries

Except for Annuity Life Reassurance Ltd., the Company has no subsidiaries and no interests or investments in any partnership, trust or other entity or organization. Each subsidiary of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its properties and to conduct its business as

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presently contemplated as described in Schedule 3.1(c) and is duly registered, qualified and authorized to transact business and is in good standing in each jurisdiction in which the conduct of its business or the nature of its properties requires such registration, qualification or authorization, except where the failure to be so registered, qualified and authorized would not have a Material Adverse Effect; all of the issued and outstanding capital stock of each subsidiary has been duly authorized and validly issued, is fully paid and non-assessable, and is owned of record and beneficially by the Company free and clear of any mortgage, pledge, lien, encumbrance, security interest, claim or equity.

3.3. Capitalization

(a) On the Closing Date (i) the authorized capital stock of the Company will consist of 100,000,000 Common Shares, par value \$1.00 per share and 50,000,000 preferred shares, par value \$1.00 per share, and (ii) the issued and outstanding shares of capital stock of the Company will consist of Common Shares which will, to the best knowledge of the Company, be held beneficially by the persons and in the amounts set forth in Schedule 3.3.

(b) All the outstanding shares of capital stock of the Company have been duly and validly issued and are fully paid and non-assessable, and were issued in accordance with the registration or qualification requirements of the Securities Act and any other relevant securities laws or pursuant to valid exemptions therefrom. The Company has authorized (or as of the Closing Date will have authorized) the issuance, sale and delivery of the Shares and Warrants in accordance with this Agreement and, subject to the issuance of the Warrants, the Company has reserved (or as of the Closing Date will have reserved) for issuance Common Shares initially issuable upon conversion of the Warrants. Upon issuance, sale and delivery as contemplated by this Agreement, the Shares will be duly authorized, validly issued, fully paid and non-assessable shares of the Company, free of all preemptive or similar rights, and entitled to the rights described in the Organizational Documents and in Schedule 3.3. Upon their issuance in accordance with the terms of the Warrants, the Common Shares issuable upon exercise of the Warrants will be duly authorized, validly issued, fully paid and non-assessable Common Shares of the Company, free of all preemptive or similar rights.

(c) Except for the rights which attach to the warrants, options and convertible securities which are listed on Schedule 3.3 hereto and to the Warrants referred to herein and in the Other Agreements, on the Closing Date there will be no Common Shares or any other equity security of the Company issuable upon conversion or exchange or exercise of any security of the Company nor will there be any rights, options or warrants outstanding or

other agreements to acquire any Common Shares nor will the Company be contractually obligated to purchase, redeem or otherwise acquire any of its outstanding shares. No shareholder of the Company is entitled to any preemptive or similar rights to subscribe for shares of capital stock of the Company.

3.4. Corporate Proceedings, etc.

The Company has duly authorized the execution, delivery, and performance of the Transaction Documents and each of the transactions and agreements contemplated hereby and thereby. No other corporate action (including shareholder approval) is necessary to authorize such execution, delivery and performance of the Transaction Documents, and upon such execution and delivery each of the Transaction Documents shall constitute the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and general principles of equity.

3.5. Consents and Approvals

The execution and delivery by the Company of the Transaction Documents, the performance by the Company of its obligations hereunder and thereunder and the consummation by the Company of the transactions contemplated hereby and thereby do not require the Company or any of its subsidiaries to obtain any consent, approval or action of, or make any filing with or give any notice to, any corporation, person or firm or any public, governmental or judicial authority (except for filings in connection with the Public Offering, all of which shall have been duly made as of the Closing Date).

3.6. Absence of Defaults, Conflicts, etc.

The execution and delivery of the Transaction Documents do not, and the fulfillment of the terms hereof and thereof by the Company, and the issuance of the Shares and Warrants (and the issuance of Common Shares issuable upon exercise of the Warrants) will not, result in a breach of any of the terms, conditions or provisions of, or constitute a default under, or permit the acceleration of rights under or termination of, any Material Contract or the Organizational Documents, or any order, rule or regulation of any court or federal, state or foreign regulatory board or body or administrative agency having jurisdiction over the Company or any of its subsidiaries or over their respective properties or businesses. No event has occurred and no condition exists which, upon notice or the passage of time (or both), would constitute a default under any such Material Contract or in any license, permit or authorization to which the Company or any subsidiary is a party or by which any of them may be bound.

3.7. Financial Statements

The audited balance sheet of the Company as at December 22, 1997 set forth in Schedule 3.7, fairly presents the financial position of the Company

as at the date thereof. Such balance sheet, including the schedules and notes thereto, was prepared in accordance with GAAP.

3.8. Absence of Certain Developments

Since December 22, 1997, except as described in Schedule 3.8, there has been no (i) material adverse change in the condition, financial or otherwise, of the Company and its subsidiaries taken as a whole or in their assets, liabilities, properties, or business or prospects, (ii) declaration, setting aside or payment of any dividend or other distribution with respect to the capital stock of the Company, (iii) issuance of capital stock (other than pursuant to the exercise of options, warrants, or convertible securities outstanding on the date hereof or as contemplated by this Agreement and the Other Agreements) or options, warrants or rights to acquire capital stock (other than the rights granted to the Investors hereunder and under the Company's Stock Option Plan, the Other Agreements), (iv) material loss, destruction or damage to any property of the Company or any subsidiary, whether or not insured, (v) acceleration or prepayment of any indebtedness for borrowed money or the refunding of any such indebtedness, (vi) labor trouble involving the Company or any subsidiary or any material change in their personnel or the terms and conditions of employment, (vii) waiver of any valuable right, (viii) loan or extension of credit to any officer or employee of the Company or any subsidiary or (ix) acquisition or disposition of any material assets (or any contract or arrangement therefor), or any other material transaction by the Company or any subsidiary otherwise than for fair value in the ordinary course of business.

3.9. Compliance with Law

(a) Neither the Company nor any of its subsidiaries is in material violation of any laws, ordinances, governmental rules or regulations to which it is subject, including without limitation laws or regulations relating to the environment or to occupational health and safety, and no material expenditures are or will be required in order to cause its currently contemplated operations or properties to comply with any such law, ordinances, governmental rules or regulations.

(b) The Company and its subsidiaries have all licenses, permits (other than certain employee work permits), franchises or other governmental authorizations necessary to the ownership of their property or to the conduct of their respective businesses as presently contemplated as described in Schedule 3.1(c) (including, without limitation, such licenses and

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permissions in Bermuda which are necessary to carry on the business of a long-term insurer), all to the extent necessary to avoid a Material Adverse Effect. Neither the Company nor any subsidiary has finally been denied any application for any such licenses, permits, franchises or other governmental authorizations necessary to its business.

3.10. Litigation

There is no legal action, suit, arbitration or other legal, administrative or other governmental investigation, inquiry or proceeding (whether federal, state, local or foreign) pending or, to the best of the Company's knowledge, threatened against or affecting the Company or any subsidiary or any of their respective properties, assets or presently contemplated businesses. Neither the Company nor any subsidiary is subject to any order, writ, judgment, injunction, decree, determination or award of any court or of any governmental agency or instrumentality (whether federal, state, local or foreign).

3.11. Material Contracts

Schedule 3.11 sets forth a true and complete list of each material contract, agreement, instrument, commitment and other arrangement to which the Company or any subsidiary is a party or otherwise relating to or affecting any of their respective assets, including without limitation: employment, severance or consulting agreements; loan, credit or security agreements; joint venture agreements and distribution agreements (each, a "Material Contract"). Each Material Contract is valid, binding and enforceable against the Company or such subsidiary and, to the Company's best knowledge, the other parties thereto, in accordance with its terms, and in full force and effect on the date hereof.

3.12. Absence of Undisclosed Liabilities

Except as disclosed in Schedule 3.12, neither the Company nor any of its subsidiaries has any debt, obligation or liability (whether accrued, absolute, contingent, liquidated or otherwise, whether due or to become due, whether or not known to the Company) arising out of any transaction entered into at or prior to the Closing, or any act or omission at or prior to the Closing, or any state of facts existing at or prior to the Closing, including taxes with respect to or based upon the transactions or events occurring at or prior to the Closing, and including, without limitation, unfunded past service liabilities under any pension, profit sharing or similar plan, except current liabilities incurred and obligations under agreements entered into, in the usual and ordinary course of business, none of which (individually or in the aggregate) would have a Material Adverse Effect.

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3.13. Employees

(a) The Company and its subsidiaries are in full compliance with all laws regarding employment, wages, hours, equal opportunity, collective bargaining and payment of social security and other taxes (except that certain employees may be required to obtain work permits under Bermuda law).

(b) Except as set forth on Schedule 3.13, the employment of all Persons and officers employed by the Company or any of its subsidiaries is terminable at will without any penalty or severance obligation of any kind on the part of the employer. All sums due for employee compensation and benefits and all vacation time owing to any employees of the Company or any of its subsidiaries have been duly and adequately accrued on the accounting records of the Company and its subsidiaries.

(c) To the best knowledge of the Company none of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of such employee's best efforts to promote the interests of the Company or that would conflict with the Company's business as proposed to be conducted.

(d) To the best knowledge of the Company no officer or key employee, nor any group of key employees, intends to terminate their employment with the Company, nor does the Company have a present intention to terminate the employment of any of the foregoing (other than temporary employees who are also employees of Inter-Atlantic Capital Partners, Inc. or Conyers Dill & Pearman).

3.14. Tax Matters

There are no taxes due and payable by the Company or any of its subsidiaries which have not been paid. The provisions for taxes on the audited balance sheet described in Section 3.7 has been established in accordance with GAAP. The Company and its subsidiaries have duly filed all tax returns required to have been filed by it. Neither the Company nor any of its subsidiaries has been subject to a tax audit of any kind.

3.15. Employee Benefit Plans

The Company and its subsidiaries have no employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974) covering former and current employees of the Company or any of its subsidiaries, or under which the Company or any of its subsidiaries has any obligation or liability. Schedule 3.15 lists all material plans, contracts, bonuses, commissions, profit-sharing, savings, stock options,

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insurance, deferred compensation, or other similar fringe or employee benefits covering former or current employees of the Company or any of its subsidiaries or under which the Company or any of its subsidiaries has any obligation or liability (each, a "Benefit Arrangement"). True and complete copies of all Benefit Arrangements have been provided or made available to the Investor prior to the date hereof. The Benefit Arrangements are and have been administered in substantial compliance with their terms and with the requirements of applicable law.

3.16. Patents, Licenses, etc.

Except as provided on Schedule 3.16, the Company or one of its subsidiaries owns, free and clear of all encumbrances, restrictions, liens, security interests and charges, and have good and marketable title to, or hold adequate licenses or otherwise possess all such rights as are necessary to use all patents (and applications therefor), patent disclosures, trademarks, service marks, trade names, copyrights (and applications therefor), inventions, discoveries, processes, know-how, scientific, technical, engineering and marketing data, computer software, formulae and techniques used or proposed to be used, in or necessary for the conduct of its business as now conducted or as proposed to be conducted (collectively, "Intellectual Property").

Neither the Company nor any of its subsidiaries has received notice nor otherwise has reason to know of any conflict or alleged conflict with the rights of others pertaining to the Intellectual Property described in this Section 3.16. The Company's business, as presently conducted and as proposed to be conducted, does not infringe upon or violate any patent rights or trade secrets of others. The Company and its subsidiaries have the unrestricted right to use, free and clear of any rights or claims of others, all trade secrets, processes, customer lists and other rights incident to their respective businesses as now conducted or as proposed to be conducted.

Except as provided for on Schedule 3.16, neither the Company nor any of its subsidiaries is currently obligated or under any existing liability to make royalty or other payments to any owner of, licensor of, or other claimant to, any patent, trademark, service names, trade names, copyrights, or other intangible asset, with respect to the use thereof or in connection with the conduct of its business as now conducted or as proposed to be conducted, or otherwise. To the Company's best knowledge, no employee of the Company or any of its subsidiaries has violated any employment agreement or proprietary information agreement which he had with a previous employer or any patent policy of such employer, or is a party to or threatened by any litigation concerning any patents, trademarks, trade secrets, service names, trade names, copyrights, licenses and the like.

3.17. Insurance

The Company and its subsidiaries and their respective properties are insured in such amounts, against such losses and with such insurers as are prudent when considered in light of the nature of the properties and businesses of the Company and its subsidiaries. The Company maintains (or as of the Closing Date will maintain) directors and officers insurance (in customary form) in amounts not less than \$10,000,000.

3.18. Transactions with Related Parties

Except as disclosed on Schedule 3.18, neither the Company nor any subsidiary is a party to any agreement with any of the Company's directors, officers or shareholders (other than shareholders which become such as a result of the Public Offering and other than the Investors) or any Affiliate or family member of any of the foregoing under which it: (i) leases any real or personal property (either to or from such Person), (ii) licenses technology (either to or from such Person), (iii) is obligated to purchase any tangible or intangible asset from or sell such asset to such Person, (iv) purchases products or services from such Person or (v) has borrowed money from or loaned money to such Person. Except as set forth in Schedule 3.18, neither the Company nor any subsidiary employs as an employee or engages as a consultant any family member of any of the Company's directors, officers or shareholders. To the best knowledge of the Company, there exist no agreements among shareholders of the Company to act in concert with respect to their voting or holding of Company securities.

3.19. Private Offering

Neither the Company nor anyone acting on its behalf, directly or indirectly, has sold or has offered any of the Shares or Warrants (or any similar security) for sale to, or solicited offers to buy from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser, other than the Investors and not more than 10 other institutional investors, each of which was offered such securities for purposes of investment. Neither the Company nor anyone acting on its behalf shall offer the Shares or Warrants (or any similar security) for issue or sale to, or solicit any offer to acquire any of the same from, anyone so as to bring the issuance and sale of such Shares or Warrants or Common Shares issuable upon exercise of the Warrants, or any part thereof, within the provisions of Section 5 of the Securities Act or in violation of the provisions of any securities or Blue Sky law of any applicable jurisdiction. Based upon the representations of the Investors set forth in Section 4 hereof and of the Other Agreements, the offer, issuance and sale of the Shares and the Warrants and the issuance of the Common Shares issuable upon exercise of the Warrants are and will be exempt from the registration and prospectus delivery requirements

of the Securities Act, and have been registered or qualified (or are exempt from registration and qualification) under the registration, permit or qualification

requirements of all other applicable securities laws.

3.20. Brokerage

There are no claims for brokerage commissions or finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement made by or on behalf of the Company and the Company agrees to indemnify and hold the Investor harmless against any costs (including, without limitation, reasonable attorneys fees and disbursements for the defense of any such claims) or damages incurred as a result of any such claim.

3.21. Illegal or Unauthorized Payments; Political Contributions

Neither the Company or any of its subsidiaries nor, to the best of the Company's knowledge (after reasonable inquiry of its officers and directors), any of the officers, directors, employees, agents or other representatives of the Company or any of its subsidiaries or any other business entity or enterprise with which the Company or any subsidiary is or has been affiliated or associated, has, directly or indirectly, made or authorized any payment, contribution or gift of money, property, or services, whether or not in contravention of applicable law, (a) as a kickback or bribe to any Person or (b) to any political organization, or the holder of or any aspirant to any elective or appointive public office except for personal political contributions not involving the direct or indirect use of funds of the Company or any of its subsidiaries.

3.22. Material Facts

This Agreement, the schedules hereto and the other agreements, documents, certificates or written statements furnished or to be furnished to the Investor through the Closing Date by or on behalf of the Company in connection with the transactions contemplated hereby taken as a whole, do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein, in light of the circumstances in which they were made, not misleading. There is no fact which is known to the Company and which has not been disclosed herein or otherwise by the Company to the Investor which may materially adversely affect the business, properties, assets or condition, financial or otherwise, or prospects of the Company and its subsidiaries taken as a whole.

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3.23. Foreign Assets Control Regulations, etc.

Neither the sale of the Shares and Warrants by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

The Investor represents and warrants to the Company as follows:

(a) It is acquiring the Shares and Warrants (and will acquire the Common Shares issuable upon conversion of the Warrants) for its own account for investment and not with a view towards the distribution thereof, nor with any present intention of distributing the Shares or Warrants (or the Common Shares acquired upon exercise of the Shares), but subject, nevertheless, to any

requirement of law that the disposition of the Investor's property shall at all times be within the Investor's control, and without prejudice to the Investor's right at all times to sell or otherwise dispose of all or any part of such securities under a registration under the Securities Act or under an exemption from said registration available under the Securities Act to the extent permitted by the Transaction Documents.

(b) It is either (x) a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act or (y) an "accredited investor" within the meaning of Rule 501(a)(3) under the Securities Act.

(c) It has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the Company as contemplated by this Agreement, and is able to bear the economic risk of such investment for an indefinite period of time. It has been furnished access to such information and documents as it has requested and has been afforded an opportunity to ask questions of and receive answers from representatives of the Company concerning the terms and conditions of this Agreement and the purchase of the Shares and Warrants contemplated hereby.

(d) It has all requisite power and authority to execute this Agreement and the Registration Rights Agreement, to perform its obligations hereunder and thereunder and to acquire and hold the Shares and Warrants.

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SECTION 5. ADDITIONAL COVENANTS OF THE PARTIES

5.1. Resale of Securities

(a) The Investor covenants that it will not sell or otherwise transfer (and the Company shall not be required to register the transfer of) any Shares or Warrants (or any Common Shares acquired upon exercise of the Warrants) except pursuant to an effective registration under the Securities Act or in a transfer effected under the provisions of Rule 144(k) under the Securities Act or in a transaction which, in the opinion of counsel (which may be in-house counsel to the Investor), qualifies as an exempt transaction under the Securities Act and the rules and regulations promulgated thereunder and any applicable state securities laws and in a manner consistent with the Investor's representations and warranties set forth in Section 4 and subject to the provisions of the Transaction Documents.

(b) The certificates evidencing the Shares and Warrants and Common Shares issuable upon exercise of the Warrants will bear the following legend reflecting the foregoing restrictions on the transfer of such securities:

"The securities evidenced hereby have not been registered under the Securities Act of 1933, as amended (the "Act"), and may not be transferred except pursuant to an effective registration under the Act or in a transaction which, in the opinion of counsel, qualifies as an exempt transaction under the Act and the rules and regulations promulgated thereunder. The transfer of such securities is also subject to certain limitations on transfer as set forth in certain agreements between the Company and certain institutional investors in the Company, copies of which are available upon request of the Company."

5.2. Covenants Pending Closing

Pending the Closing the Company will not, without the Investor's prior written consent, take any action which would result in any of the representations or warranties contained in this Agreement not being true in all material respects at and as of the time immediately after such action, or in any of the covenants contained in this Agreement becoming incapable of performance in all material respects. The Company will promptly advise the Investor in writing of any action or event of which it becomes aware which has the effect of making incorrect any of such representations or warranties in any material respect or which has the effect of rendering any of such covenants incapable of performance.

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5.3. Further Assurance

Each of the parties shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby. Each such party shall use its reasonable efforts to fulfill or obtain the fulfillment of the conditions to the Closing as promptly as practicable.

SECTION 6. INVESTOR'S CLOSING CONDITIONS

The obligation of the Investor to purchase and pay for the Shares and Warrants on the Closing Date, as provided in Section 2 hereof, shall be subject to the performance by the Company of its agreements theretofore to be performed hereunder and to the satisfaction, prior thereto or concurrently therewith, of the following further conditions:

6.1. Representations and Warranties

The representations and warranties of the Company contained in this Agreement shall be true in all material respects on and as of the Closing Date as though such warranties and representations were made at and as of such date, except as otherwise affected by the transactions contemplated hereby.

6.2. Compliance with Agreement

The Company shall have performed and complied in all material respects with all agreements, covenants and conditions contained in this Agreement which are required to be performed or complied with by the Company prior to or on the Closing Date.

6.3. Officer's Certificate

The Investor shall have received a certificate, dated the Closing Date, signed by each of the President and the Chief Operating Officer of the Company, certifying that the conditions specified in the foregoing Sections 6.1 and 6.2 hereof have been fulfilled.

6.4. Delivery of Shares and Warrants

The Company shall have delivered to the Investor the certificates evidencing the Shares and Warrants being purchased by it hereunder as provided in Section 2.1.

6.5. Injunction

There shall be no injunction, writ, preliminary restraining order

or any order of any nature issued by a court of competent jurisdiction directing that the transactions provided for herein or any of them not be consummated as herein provided.

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6.6. Counsel's Opinions

The Investors shall have received (x) from the Company's counsel delivering opinions to the Underwriters in connection with the Public Offering on the IPO Closing Date, copies of such opinions together with letters from such counsel allowing the Investor to rely thereon and (x) opinions, dated the Closing Date, from counsel for the Company substantially to the effect that:

(i) Each of the Company and its subsidiaries is duly organized and validly existing in good standing under the laws of Bermuda, has the all requisite power and authority and has all necessary approvals, licenses, permits and authorization to own its properties and to carry on its business as proposed to be conducted as contemplated by the Registration Statement. The Company has all requisite power and authority to execute and deliver the Transaction Documents and to perform its obligations thereunder.

(ii) Each of the Company and its subsidiaries are duly qualified as a foreign corporation in every jurisdiction in which such qualification is necessary, except where the failure to so qualify would not have a material adverse effect on the Company and its subsidiaries taken as a whole.

(iii) Section 3.3(a) of this Agreement accurately reflects the share records of the Company as to its authorized and issued capital stock and the Company has duly reserved for issuance such number of Common Shares initially issuable upon exercise of the Warrants.

(iv) Except for the rights which attach to the Warrants and to the warrants, options and convertible securities listed on Schedule 3.3 hereto, to the best knowledge of such counsel, there are no Common Shares issuable upon conversion or exchange or exercise of any security of the Company nor are there any rights, options or warrants outstanding or other agreements to acquire Common Shares from the Company nor is the Company contractually obligated to purchase, redeem or otherwise acquire any of its outstanding shares. Except as disclosed in Schedule 3.3, no shareholder of the Company is entitled to

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any preemptive or similar right to subscribe for shares

of capital stock of the Company provided by statute or the Organizational Documents or, to the best knowledge of such counsel, by any other agreement or instrument.

(v) All the outstanding shares of capital stock of the Company have been duly and validly issued and are fully paid and non-assessable. When issued in accordance with the terms of this Agreement, the Shares will be (and upon their issuance the Common Shares issuable upon exercise of the Warrants will be) (x) duly authorized, validly issued, fully paid and non-assessable Common Shares of the Company, free of all preemptive or similar rights provided by statute or the Organizational Documents or, to the best knowledge of such counsel, any other agreement or instrument, and (y) entitled to the rights described in Schedule 3.3.

(vi) The Company has duly authorized the execution, delivery, and performance of the Transaction Documents and each of the transactions and agreements contemplated thereby, and no other corporate action is necessary to authorize such execution, delivery or performance. The Transaction Documents have been duly executed and delivered on behalf of the Company and constitute the valid and binding obligation of the Company, enforceable against the Company in accordance with their terms, except as such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and general principles of equity.

(vii) The execution and delivery by the Company of the Transaction Documents, the performance by the Company of its obligations thereunder and the consummation by the Company of the transactions contemplated thereby do not require the Company to obtain any consent, approval or action of, or make any filing with or give any notice to, any corporation, person or firm or any public, governmental or judicial authority except such as have been duly obtained or made, as

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the case may be, and are in full force and effect.

(viii) The execution and delivery of the Transaction Documents do not, and the fulfillment of the terms hereof and thereof by the Company and the issuance of Common Shares upon conversion of the Warrants as herein contemplated will not, (A) result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or other material agreement to which the Company or any of its subsidiaries is a party and which is listed on Schedule 3.11, (B) violate the Organizational Documents, or any law, rule or regulation known to such counsel of any court or other regulatory board or body or administrative agency having jurisdiction over the Company or over its properties or businesses or (C) conflict with or

constitute a default under any judgment, writ, decree or order known to such counsel to be applicable by its terms to the Company or any of its subsidiaries.

(ix) To the best knowledge of such counsel, there is no action, suit, investigation or proceeding pending or threatened, against the Company or any of its properties or assets by or before any court, arbitrator or governmental body, department, commission, board, bureau, agency or instrumentality, which questions the validity of the Transaction Documents, the Shares or the Warrants or any action taken or to be taken pursuant hereto or thereto.

(x) The issuance and sale of the Shares and Warrants do not (and the issuance of Common Shares issuable upon exercise of the Warrants will not) require registration under Section 5 of the Securities Act or qualification under any state securities or Blue Sky laws.

(xi) The choice of New York law and the submission by the Company to the jurisdiction of New York State courts and federal courts sitting in New York as provided in Section 10.04 are valid and enforceable in New York and in Bermuda.

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6.7. Consummation of Public Offering

The Company shall have consummated the Public Offering as contemplated by the Registration Statement at a price to the public of at least \$15.00 per share and shall have received not less than \$150,000,000 in net proceeds (after underwriting discounts and commissions which shall not in any event exceed 6%) therefrom (the "Public Offering Proceeds"). The Public Offering Proceeds shall exceed Other Sale Proceeds by the ratio of at least 2.5 to 1.0. "Other Sale Proceeds" means the net proceeds to the Company from (x) the sale of the Shares and Warrants hereunder and under the Other Agreements and (y) all other sales of Common Shares (except to the underwriters in the Public Offering) and securities convertible into, or exchangeable or exercisable for, Common Shares (herein called "Other Sales"). The Company agrees that on and prior to the Closing Date it will not make or agree to make Other Sales on terms more favorable to the purchasers involved in such Other Sales than the terms of the Agreement relating to the Shares and Warrants unless such more favorable terms are also extended to the Investor.

6.8. Purchase by Other Investors

Each of the Other Investors shall have purchased the Shares and Warrants to be purchased by it under the Other Agreements and the Company shall have received payment of the Purchase Price under such Other Agreements.

6.9. Registration Rights Agreement

The Company shall have executed and delivered to the Investor the Registration Rights Agreement, the form of which is attached as Exhibit B hereto (the "Registration Rights Agreement").

6.10. Process Agent

The Investor shall have received a copy of the acceptance by CT Corporation System of its appointment under the provisions of Section 11.8(d).

6.11. Proceedings

The Investor shall have received copies of all documents or other evidence which it and its special counsel, Willkie Farr & Gallagher, may reasonably request in connection with the transactions contemplated hereby and of all records of corporate proceedings in connection therewith.

SECTION 7. COMPANY CLOSING CONDITIONS

The obligation of the Company to issue and deliver the Shares and Warrants on the Closing Date, as provided in Section 2

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hereof, shall be subject to the performance by the Investor of its agreements theretofore to be performed hereunder and to the satisfaction, prior thereto or concurrently therewith, of the following further conditions:

7.1. Representations and Warranties

The representations and warranties of the Investor contained in this Agreement shall be true on and as of the Closing Date as though such warranties and representations were made at and as of such date, except as otherwise affected by the transactions contemplated hereby.

7.2. Compliance with Agreement

The Investor shall have performed and complied with all agreements, covenants and conditions contained in this Agreement which are required to be performed or complied with by it prior to or on the Closing Date.

7.3. Injunction

There shall be no injunction, writ, preliminary restraining order or any order of any nature issued by a court of competent jurisdiction directing that the transactions provided for herein or any of them not be consummated as herein provided.

7.4. Consummation of Public Offering.

The Company shall have consummated the Public Offering as contemplated by the Registration Statement at a price to the public of at least \$15.00 per share and shall have received not less than \$150,000,000 in net proceeds (after underwriting discounts and commissions) therefrom.

SECTION 8. LIMITATION ON DISPOSITION

The Investor will not, without the consent of the Company, sell, transfer or otherwise dispose of the Shares or Warrants for a period of one year after the Closing Date except (i) to one or more of its Affiliates, or (ii) to any institutional investor purchasing all of the Shares and Warrants then held by the Investor (or if not all such Shares and Warrants, Shares and/or Warrants representing at least 1,000,000 Common Shares (assuming exercise of the Warrants)); provided that any such transferee shall agree to be bound by the provisions of this Section 8. The Investor will agree to execute a "lock-up" agreement with the Underwriters in connection with the Public Offering in customary form and as more particularly described in Exhibit C hereto.

SECTION 9. COVENANTS

9.1. Financial and Business Information

From and after the date hereof, the Company shall deliver to each of the Investors so long as such Investor owns beneficially (within the meaning of Rule 13d-3 under the Exchange Act) any Shares or Warrants or Common Shares issuable upon exercise of the Warrants:

(a) Quarterly Statements - as soon as practicable, and in any event within 45 days after the close of each of the first three fiscal quarters of each fiscal year of the Company in the case of quarterly statements, a consolidated balance sheet, statement of income and statement of cash flows of the Company and any subsidiaries as at the close of such month or quarter and covering operations for such month or quarter, as the case may be, and the portion of the Company's fiscal year ending on the last day of such month or quarter, all in reasonable detail and prepared in accordance with GAAP, subject to audit and year-end adjustments, setting forth in each case in comparative form the figures for the comparable period of the previous fiscal year.

(b) Annual Statements - as soon as practicable after the end of each fiscal year of the Company, and in any event within 90 days thereafter, duplicate copies of:

(1) consolidated balance sheet of the Company and any subsidiaries at the end of such year; and

(2) consolidated statements of income, stockholders' equity and cash flows of the Company and any subsidiaries for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by an opinion thereon of independent certified public accountants of recognized national standing selected by the Company, which opinion shall state that such financial statements fairly present the financial position of the Company and any subsidiaries on a consolidated basis and have been prepared in accordance with GAAP (except for changes in application in which such accountants concur) and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

(c) Audit Reports - promptly upon receipt thereof, one copy of each other financial report and internal control letter submitted to the Company or any subsidiary by independent accountants in connection with any annual, interim or special audit made by them of the books of the Company or any subsidiary.

(d) Other Reports - promptly upon their becoming available, one copy of each financial statement, report, notice or proxy statement sent by the Company to shareholders generally, of each financial statement, report, notice

or proxy statement filed by the Company or any of its subsidiaries with the SEC or any successor agency, if applicable, of each regular or periodic report and any registration statement, prospectus or written communication (other than transmittal letters) in respect thereof filed by the Company or any subsidiary with, or received by such Person in connection therewith from, any domestic or foreign securities exchange, the SEC or any successor agency or any foreign regulatory authority performing functions similar to the SEC, of any press release issued by the Company or any subsidiary, and of any material of any nature whatsoever prepared by the SEC or any successor agency thereto or any state blue sky or securities law commission which relates to or affects in any way the Company or any subsidiary.

(e) Requested Information - with reasonable promptness, the Company shall furnish each of the Investors with such other data and information as from time to time may be reasonably requested.

9.2. Inspection

As long as an Investor owns beneficially (within the meaning of Rule 13d-3 under the Exchange Act) at least two percent (2%) of the outstanding Common Shares, the Company shall permit such Investor, its nominee, assignee, and its representative during normal business hours and upon reasonable advance notice to visit and inspect any of the properties of the Company and its subsidiaries, to examine all its books of account, records, reports and other papers not contractually required of the Company to be confidential or secret, to make copies and extracts therefrom, and to discuss its affairs, finances and accounts with its officers, directors, key employees and independent public accountants or any of them (and by this provision the Company authorizes said accountants to discuss with such Investor, its nominees, assignees and representatives the finances and affairs of the Company and any subsidiaries), all at such reasonable times and as often as may be reasonably requested.

9.3. Keeping of Books

The Company will keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and its subsidiaries in accordance with GAAP.

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9.4. Lost, etc. Certificates; Exchange

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any certificate evidencing any Shares or Warrants (or Common Shares issuable upon exercise of the Warrants) owned by one of the Investors, and (in the case of loss, theft or destruction) of an unsecured indemnity satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of such certificate, if mutilated, the Company will make and deliver in lieu of such certificate a new certificate of like tenor and for the number of shares evidenced by such certificate which remain outstanding. Such Investor's agreement of indemnity shall constitute indemnity satisfactory to the Company for purposes of this Section 9.5. Upon surrender of any certificate representing any Shares (or Common Shares issuable upon exercise of the Warrants) for exchange at the office of the Company, the Company at its expense will cause to be issued in exchange therefor new certificates in such denomination or denominations as may be requested for the same aggregate number of Shares, Warrants or Common Shares, as the case may be, represented by the certificate so surrendered and registered as such holder may request. The

Company will also pay the cost of all deliveries of certificates for such securities to the office of such Investor (including the cost of insurance against loss or theft in an amount satisfactory to the holders) upon any exchange provided for in this Section 9.5.

9.5. Review of Documents

The Investor shall have the right to review and approve all statements or disclosures (in the Registration Statement or in press releases or elsewhere) made by the Company in relation to the Investor's investment in and relationship to the Company.

9.6. Confidential Information

The Investor acknowledges that its receipt of material non-public information as a consequence of its exercise of its rights under Sections 9.1 and 9.2 may obligate it not to trade in securities of the Company which it may hold so long as such information is not publicly disclosed by the Company. Such information will be utilized by the Investor to analyze its investment in the Company.

SECTION 10. INTERPRETATION OF THIS AGREEMENT

10.1. Terms Defined

As used in this Agreement, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

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Affiliate: means any Person or entity, directly or indirectly, controlling, controlled by or under common control with such Person or entity.

Business Day: shall mean a day other than a Saturday, Sunday or other day on which banks in New York, New York and Hamilton, Bermuda are not required or authorized by law to close.

Closing: shall have the meaning set forth in Section 2.2.

Closing Date: shall have the meaning set forth in Section 2.2.

Common Shares: shall have the meaning set forth in Section 1.

Exchange Act: shall mean the Securities Exchange Act of 1934, as amended.

GAAP: at any time shall mean United States generally accepted accounting principles at the time in effect.

Intellectual Property: shall have the meaning set forth in Section 3.16.

Investor: shall mean the Person executing this Agreement on the signature page hereof and its successors and assigns as the holder of Shares,

Warrants or Common Shares issuable upon exercise of the Warrants.

IPO Closing Date: shall mean the date of the consummation of the Public Offering.

Material Adverse Effect: shall have the meaning set forth in Section 3.1(c).

Material Contract: shall have the meaning set forth in Section 3.11.

Other Agreements: shall have the meaning set forth in Section 2.1.

Organizational Documents: shall have the meaning set forth in Section 3.1(a).

Person: shall mean an individual, partnership, joint-stock company, corporation, limited liability company, trust or unincorporated organization, and a government or agency or political subdivision thereof.

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Public Offering: shall mean the sale by the Company of its Common Shares to the underwriters as contemplated by the Registration Statement.

Registration Rights Agreement: shall have the meaning set forth in Section 6.8.

Registration Statement: shall mean the Registration Statement filed by the Company with the SEC on Form S-1 (No.333-43301) on December 24, 1997, as amended, in the form it becomes effective under the Securities Act.

SEC: shall mean the Securities and Exchange Commission.

Securities Act: shall mean the Securities Act of 1933, as amended.

Shares: shall have the meaning set forth in Section 2.1.

subsidiary: shall mean a corporation of which a Person owns, directly or indirectly, more than 50% of the Voting Stock.

Transaction Documents: shall mean this Agreement, the Other Agreements, the Class B Warrants and the Registration Rights Agreement.

Voting Stock: shall mean securities of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

Warrants: shall have the meaning set forth in Section 2.1.

10.2. Directly or Indirectly

Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

10.3. Section Headings

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof.

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SECTION 11. MISCELLANEOUS

11.1. Notices

(a) All communications under this Agreement shall be in writing and shall be delivered by hand or facsimile or mailed by overnight courier or by registered mail or certified mail, postage prepaid:

(1) if to the Investor, at: the address specified in Schedule 2.1, or at such other address as the Investor may have furnished the Company in writing, or

(2) if to the Company, at: Victoria Hall, Victoria Street, P.O. Box HM1262, Hamilton, HM FX, Bermuda, marked for the attention of President, or at such other address as it may have furnished the Investor in writing.

(b) Any notice so addressed shall be deemed to be given: if delivered by hand or facsimile, on the date of such delivery; if mailed by courier, on the first business day following the date of such mailing; and if mailed by registered or certified mail, on the third business day after the date of such mailing.

11.2. Expenses and Taxes

(a) Whether or not the issue and sale of the Shares and Warrants contemplated hereby are consummated, the Company will pay all costs and expenses (including attorneys' fees and disbursements of counsel) incurred by the Investor in connection with such issue and sale and all costs and expenses (including attorneys' fees and disbursements of counsel) incurred by the Investor in connection with any amendments, waivers or consents under or in respect of the Transaction Documents (whether or not such amendment, waiver or consent becomes effective). In addition, the Company will pay the Investor the costs and expenses (including attorneys' fees and disbursements) incurred by it in enforcing or defending (or determining whether or how to enforce or defend) any rights under the Transaction Documents or in responding to any subpoena or other legal process or informal investigative demand (which investigative demand shall have been issued by a governmental agency or official) issued in connection with the Transaction Documents or the Investor's investment in the Company.

(b) The Company will pay, and save and hold the Investor harmless from, any and all claims arising out of or relating to the transactions contemplated by the Transaction Documents or the performance thereof and all liabilities (including interest and penalties) with respect to, or resulting from any delay or failure in paying, stamp and other taxes (other

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than income taxes), if any, which may be payable or determined to be payable on the execution and delivery or acquisition of the Shares or Warrants or the Common Shares issuable upon exercise of the Warrants.

11.3. Reproduction of Documents

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received by the Investors on the Closing Date (except for certificates evidencing the Shares themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to the Investors, may be reproduced by the Investors by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and either Investor may destroy any original document so reproduced. All parties hereto agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by an Investor in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

11.4. Termination and Survival

Unless the Closing has occurred prior thereto, this Agreement and, except as herein provided, all the rights of the parties hereto, shall terminate on June 30, 1998 (unless such date is extended by mutual written consent). Notwithstanding the foregoing, Section 11.2 hereof shall survive the termination of this Agreement. All warranties, representations, and covenants made by the Investor and the Company herein or in any certificate or other instrument delivered by the Investor or the Company under this Agreement shall be considered to have been relied upon by the Company or the Investor, as the case may be, regardless of any investigation made by the Investor and shall survive all deliveries to the Investor of the Shares, or payment to the Company for such Shares and Warrants, regardless of any investigation made by the Company or the Investor, as the case may be, or on the Company's or the Investor's behalf. All statements in any such certificate or other instrument shall constitute warranties and representation by the Company hereunder, except that the Investor shall not be required to purchase Shares or Warrants from any Person other than the Company.

11.5. Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties.

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11.6. Entire Agreement; Amendment and Waiver

This Agreement and the agreements attached as Exhibits hereto constitute the entire understandings of the parties hereto and supersede all prior agreements or understandings with respect to the subject matter hereof among such parties. This Agreement may be amended, and the observance of any term of this Agreement may be waived, with (and only with) the written consent of the Company and the Investor.

11.7. Severability

In the event that any part or parts of this Agreement shall be held illegal or unenforceable by any court or administrative body of competent jurisdiction, such determination shall not effect the remaining provisions of this Agreement which shall remain in full force and effect.

11.8. Governing Law; Submission to Jurisdiction

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State.

(b) Each of the Company and the Investor (each a "Party") irrevocably submits to the non-exclusive in personam jurisdiction of any New York State or United States federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to the Transaction Documents. To the full extent it may effectively do so under applicable law, each Party irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the in personam jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) Each Party agrees, to the full extent it may effectively do so under applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in paragraph (b) of this Section 11.8 brought in any such court shall be conclusive and binding upon such Party, subject to rights of appeal and may be enforced in the courts of the United States or the State of New York (or any other courts to the jurisdiction of which such Party is or may be subject) by a suit upon such judgment.

(d) Each Party consents to process being served in any suit, action or proceeding of the nature referred to in paragraph (b) of this Section 11.8 by mailing a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to

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the address of such Party specified in Section 11.1 or at such other address of which the other Party shall then have been notified pursuant to said Section. Without limiting the foregoing, the Company hereby appoints, in the case of any such suit, action or proceeding brought in the courts of or in the State of New York, CT Corporation, 1633 Broadway, New York, NY 10019, to receive, for it and on its behalf, service of process in the State of New York with respect thereto. Each Party agrees that such service upon receipt by it or its agent, as the case may be, (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the full extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to such Party. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or the Bermuda Post or any reputable commercial delivery service.

(e) Nothing in this Section 11.8 shall affect the right of any Party to serve process in any manner permitted by law, or limit any right that such Party may have to bring proceedings against the other Party in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(f) Each Party waives trial by jury in any action brought on or with respect to the Transaction Documents or any other document executed in

connection therewith.

11.9. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall be considered one and the same agreement.

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If you are in agreement with the foregoing please so indicate by executing the acceptance set forth below and return a copy of this Agreement to the Company, whereupon this Agreement shall be a binding agreement between us.

Very truly yours,

ANNUITY AND LIFE RE
(HOLDINGS), LTD.

By: /s/ Lawrence S. Doyle

Name: Lawrence S. Doyle
Title: President and Chief
Executive Officer

The foregoing Agreement is
hereby accepted:

EXEL LIMITED

By: /s/ Robert R. Lusardi

Name: Robert R. Lusardi
Title: EVP & CFO

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Investors

Investor Name and Address -----	Number of Shares and Warrants*	Purchase Price -----
Risk Capital Reinsurance Company 20 Horseneck Lane Greenwich, CT 06830 ATTN: Managing Director	1,418,440 Shares 100,000 Warrants	\$20,000,000
The Prudential Insurance Company of America 100 Mulberry Street Gateway Two Newark, NJ 07102 ATTN: Randy Hood	1,028,369 Shares 72,500 Warrants	\$14,500,000
EXEL Limited 1 Victoria Street Hamilton, Bermuda HM 11 ATTN: Chief Financial Officer	1,418,440 Shares 100,000 Warrants	\$20,000,000

* The number of Shares to be purchased by The Prudential Insurance Company of America shall not exceed 4.9% of the outstanding Common Shares on the Closing Date. To the extent the number of shares purchased is less than that specified above, the Purchase Price shall be reduced by \$14.10 for each share not so purchased. The number of Warrants shall be reduced to the number obtained by dividing the reduced Purchase Price by \$200.

EXHIBIT C

Lock-up Provisions

The Investor will agree with the Underwriters in connection with the Public Offering not to offer, sell, offer to sell, contract to sell, pledge, grant any option to purchase or otherwise sell or dispose of (or announce any of the foregoing) any of the Shares or Warrants or Common Shares issuable upon exercise of the Warrants for a period of one year after the Closing Date (180 days if the Investor is The Prudential Insurance Company of America) without, in any such case, the consent of Prudential Securities Incorporated and Merrill Lynch & Co. on behalf of the Underwriters.

Registration Rights Agreement dated April 15, 1998, among ANNUITY AND LIFE RE (HOLDINGS), LTD., a Bermuda corporation (the "Company"), and EXEL LIMITED (the "Initial Holder").

The Company has issued its common shares, par value \$1.00 per share ("Common Shares") and its Class B Warrants to purchase Common Shares (the "Warrants") to the Initial Holder pursuant to the terms of that certain Securities Purchase Agreement, between the Company and the Initial Holder dated as of March 4, 1998 (the "Securities Purchase Agreement"). Pursuant to the Securities Purchase Agreement, the Company has agreed to register such shares for sale under the Securities Act of 1933, as amended, as more specifically provided below.

NOW, THEREFORE, in consideration of the completion of the transactions contemplated by the Securities Purchase Agreement and of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows, intending to be legally bound.

Section 1. Definitions. As used in this Agreement, the following terms have the following meanings:

"Business Day": any day on which the Company's Common Shares are available for trading on the principal stock exchange or market upon which they are traded.

"Closing Date": the date on which is consummated the transactions contemplated by the Securities Purchase Agreement.

"Common Shares": the Company's Common Shares, par value \$1.00 per share.

"Exchange Act": the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the relevant time.

"Holders": the Initial Holder and the permitted successors or assignees of the Initial Holder, for so long as (and to the extent that) such Persons own or have the right to acquire any Registrable Securities.

"Holder Agreements": This Agreement and any other Agreement between the Company and one of the Other Investors which is substantially similar to this Agreement.

"Other Investors": The Persons (other than the Company) which are parties to Securities Purchase Agreements in substantially the form entered into between the Company and the Holder on March 4, 1998.

"Person": an individual, a partnership (general or limited), corporation, limited liability company, joint venture, business

trust, cooperative, association or other form of business organization, whether or not regarded as a legal entity under applicable law, a trust (inter vivos or testamentary), an estate of a deceased, insane or incompetent person, a quasi-governmental entity, a government or any agency, authority, political subdivision or other instrumentality thereof, or any other entity.

"Registrable Securities": (1) the Common Shares issued pursuant to the terms of the Securities Purchase Agreement; (2) the Common Shares issued or issuable pursuant to the Warrants issued pursuant to the terms of the Securities Purchase Agreement, and (3) any additional Common Shares or other equity securities of the Company issued or issuable in respect of such Common Shares (or other equity securities issued in respect thereof) by way of a stock dividend or stock split, in connection with a combination, exchange, reorganization, recapitalization or reclassification of Company securities, or pursuant to a merger, division, consolidation or other similar business transaction or combination involving the Company; provided that as to any particular Registrable Securities, such securities shall cease to constitute Registrable Securities (a) when a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of thereunder, (b) when such securities shall have been disposed of pursuant to Rule 144 (or any successor provision to such Rule) under the Securities Act, or (c) when such securities shall have ceased to be outstanding.

"Registration Expenses": all expenses incident to the Company's performance of or compliance with the registration requirements set forth in this Agreement including, without limitation, the following: (a) the fees, disbursements and expenses of the Company's counsel, accountants, and experts in connection with the registration under the Securities Act of Registrable Securities; (b) all expenses in connection with the preparation, printing and filing of the registration statement, any preliminary prospectus or final prospectus, any other offering document and amendments and supplements thereto, and the mailing and delivering of copies thereof to underwriters and dealers, if any; (c) the cost of printing or producing any agreement(s) among underwriters, underwriting agreement(s) and blue sky or legal investment memoranda, any selling agreements, and any other documents in connection with the offering, sale or delivery of Registrable Securities to be disposed of; (d) the fees and expenses incurred in connection with the listing of Registrable Securities on each securities exchange on which Company securities of the same class are then listed or with the Nasdaq National Market System; (e) the fees and expenses, not to exceed \$25,000, of a single counsel retained by any and all Persons participating in a registration pursuant to a Holder Agreement, (f) any underwriters, discounts or compensation, brokers' commissions or similar selling expenses attributable to the sale of Registrable Securities; (g) any SEC or blue sky

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registration or filing fees attributable to Registrable Securities or transfer taxes applicable to Registrable Securities, (h) any other expenses in connection with the qualification of Registrable Securities for offer and sale under state securities laws, including the fees and disbursements of counsel for the underwriters in connection with such qualification and in connection with any blue sky and legal investment surveys; and (i) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of Registrable Securities to be disposed of.

"Registration Statement": a registration statement under the Securities Act filed by the Company pursuant to this Agreement, including all amendments thereto, all preliminary and final prospectuses included therein and all exhibits thereto.

"SEC": the United States Securities and Exchange Commission, or such other federal agency at the time having the principal responsibility for administering the Securities Act.

"Securities Act": the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the relevant time.

"Warrant": the Class B Warrants of the Company.

Section 2. Underwritten Demand Registration.

(a) At any time on or after the first anniversary of the Closing Date, and before the tenth anniversary of the Closing Date the Holder or Holders of thirty (30) percent or more of the Registrable Securities may (by written notice delivered to the Company) require registration of all or any portion of such Registrable Securities for sale in an underwritten public offering. In each such case, such notice shall specify the number of Registrable Securities for which such underwritten offering is to be made. Within ten Business Days after its receipt of any such notice, the Company shall give written notice of such request to all other Holders, and all such Holders shall have the right to have any or all Registrable Securities owned by them included in the requested underwritten offering as they shall specify in a written notice received by the Company within ten Business Days after the Company's notice is given. Within ten Business Days after the expiration of such ten Business Day period, the Company shall notify all Holders requesting inclusion of Registrable Securities in the proposed underwriting of (1) the aggregate number of Registrable Securities proposed to be included by all Holders in the offering, and (2) the proposed commencement date of the offering, which shall be a date not more than thirty days after the Company gives such notice. The managing underwriter for such offering shall be chosen by the Holders of a majority of the Registrable Securities being included therein and shall be satisfactory to the Company.

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(b) If any request for an underwriting shall have been made pursuant to subsection (a), the Company shall, at the request of the managing underwriter for such offering, prepare and file a Registration Statement with the SEC as promptly as reasonably practicable, but in any event within 45 days after the managing underwriter's request therefor.

(c) The Company shall not have any obligation to permit or participate in more than two underwritten public offerings pursuant to this Section, or to file a Registration Statement pursuant to this Section with respect to less than thirty (30) percent of the Registrable Securities.

(d) The Company shall have the right to defer the filing or effectiveness of a Registration Statement relating to any registration requested under this Section for a reasonable period of time not to exceed 180 days if (1) the Company is, at such time, working on an underwritten public offering of its securities for the account of the Company and is advised by its managing underwriter that such offering would in its opinion be materially adversely affected by such filing; or (2) the Company in good faith determines that any such filing or the offering of any Registrable Securities would (A) materially impede, delay or interfere with any proposed financing, offer or sale of securities, acquisition, corporate reorganization or other significant transaction involving the Company or (B) require the disclosure of material non-public information, the disclosure of which would materially and adversely affect the Company.

(e) The Company shall have no obligation to file a Registration Statement pursuant to this Section earlier than 180 days after the effective date of a prior registration statement of the Company covering an underwritten public offering for the account of the Company the effective date of which is after the first anniversary of the Closing Date if (1) the Company shall have offered pursuant to Section 4 to include the Holders' Registrable Securities in such Registration Statement; (2) the Holders shall not have elected to include in such Registration Statement at least thirty (30) percent of the Registrable Securities; and (3) no Registrable Securities requested to be included in such registration statement shall have been excluded therefrom pursuant to Section 4(c).

(f) The Holders of a majority of Registrable Securities requested to be included in any offering pursuant to this Section may elect by written notice to the Company not to proceed with the offering, in which case the Company shall not be obligated to proceed with such offering. If the Holders so elect, the Holders that shall have requested Registrable Securities to be included in the offering shall pay all Registration Expenses incurred by the Company in connection with such offering prior to receipt of such notice.

(g) Neither the Company nor any other Person shall be entitled to include any securities held by it in any underwritten offering pursuant to this Section, unless all Registrable Securities for which inclusion has been requested are also included.

(h) No registration of Registrable Securities under this Section shall relieve the Company of its obligation to effect registrations of Registrable Securities pursuant to Sections 3 and 4.

Section 3. Shelf Registrations.

(a) At any time on or after the first anniversary of the Closing Date, and before the tenth anniversary of the Closing Date, the Holder or Holders of thirty (30) percent or more of the Registrable Securities may (by written notice to the Company) require registration of all or any portion of such Registrable Securities for sale in open market transactions or negotiated block trades. Within ten Business Days after its receipt of such notice, the Company shall give written notice of such request to all other Holders, and all such Holders shall have the right to have any or all Registrable Securities owned by them included in the requested registration as they shall specify in a written notice received by the Company within ten Business Days after the Company's notice is given. Within ten Business Days after the expiration of such ten Business Day period, the Company shall notify all Holders requesting inclusion of Registrable Securities in the requested registration of the aggregate number of Registrable Securities proposed to be included by all Holders in this registration.

(b) If any request for registration shall have been made pursuant to subsection (a) the Company shall prepare and file a Registration Statement with the SEC as promptly as reasonably practicable, but in any event within 45 days after the expiration of the ten Business Day period within which the Holders may request inclusion in the registration.

(c) The Company shall have no obligation to file a Registration Statement pursuant to this Section earlier than 180 days after the effective date of any earlier Registration Statement filed pursuant to this Section.

(d) The Holders of a majority of Registrable Securities requested to be included in any registration pursuant to this Section may elect by written notice to the Company not to proceed with such registration, in which case the Company will not be obligated to proceed therewith. If the Holders so elect, the Holders that shall have requested Registrable Securities to be included in the registration shall pay all Registration Expenses incurred by the Company in connection with such offering prior to receipt of such notice.

(e) No registration of Registrable Securities under this Section shall relieve the Company of its obligation to effect registrations of Registrable Securities under Sections 2 and 4.

Section 4. Incidental Registration.

(a) From and after the first anniversary of the Closing Date, and before the tenth anniversary of the Closing Date, if the Company proposes, other than pursuant to Section 2 or 3 of this Agreement, to file a Registration Statement under the Securities Act to register any of its Common Shares for public sale under the Securities Act (whether proposed to be offered for sale by the Company or by any other Person), it will give prompt written notice (which notice shall specify the intended method or methods of disposition) to the Holders of its intention to do so, and upon the written request of any Holder delivered to the Company within ten Business Days after any such notice (which request shall specify the number of Registrable Securities intended to be disposed of by such Holder), the Company will use commercially reasonable efforts to include in such

Registration Statement all Registrable Securities which the Company has been so requested to register by the Holders.

(b) If at any time prior to the effective date of any Registration Statement described in subsection (a), the Company shall determine for any reason not to proceed with such registration, the Company may, at its election, give written notice of such determination to the Holders requesting registration and thereupon the Company shall be relieved of its obligation to register such Registrable Securities in connection with such registration.

(c) The Company will not be required to effect any registration of Registrable Securities pursuant to this Section in connection with an offering of securities solely for the account of the Company if the Company shall have been advised in writing (with a copy to the Holders requesting registration) by a nationally recognized investment banking firm (which may be the managing underwriter for the offering) selected by the Company that, in such firm's opinion, registration of Registrable Securities and of any other securities requested to be included in such registration by Persons having rights to include securities therein at that time may interfere with an orderly sale and distribution of the securities being sold by the Company in such offering or adversely affect the price of such securities; but if an offering of less than all of the Registrable Securities requested to be registered by the Holders and other securities requested to be included in such registration by such other Persons would not, in the opinion of such firm, adversely affect the distribution or price of the securities to be sold by the Company in the offering, the aggregate number of Registrable Securities requested to be included in such offering by the Holders shall be reduced pro rata in accordance with the proportion that the number of shares

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proposed to be included in such registration by the Holders bears to the number of shares proposed to be included in such registration by the Holders and all other such Persons.

(d) The Company shall not be required to give notice of, or effect any registration of Registrable Securities under this Section incidental to, the registration of any of its securities in connection with mergers, consolidations, acquisitions, exchange offers, subscription offers, dividend reinvestment plans or stock options or other employee benefit or compensation plans.

(e) No registration of Registrable Securities effected under this Section shall relieve the Company of its obligations to effect registrations of Registrable Securities pursuant to Sections 2 and 3.

Section 5. Holdbacks and Other Transfer Restrictions.

(a) No Holder shall, if requested by the managing underwriter in an underwritten offering: (1) that includes such Holder's Registrable Securities, effect any public sale or distribution of securities of the Company of the same class as the securities included in such Registration Statement (or convertible into such class), including a sale pursuant to Rule 144(k) under the Securities Act effect (except as part of such underwritten registration) any public sale or distribution of securities of the Company of the same class as the securities included in such Registration Statement (or convertible into such class), including a sale pursuant to Rule 144(k) under the Securities Act during the ten day period prior to, and during the 180-day period beginning on the closing date of each underwritten offering made pursuant to such Registration Statement, to the extent timely notified in writing by the Company or the managing underwriter; and (2) in the event of an offering for the account of the Company, to the extent Holder does not elect (or is not permitted under Section 4(c)) to sell such securities in connection with such offering, effect any public sale or distribution of securities of the Company of the same class as the securities included in such Registration Statement (or convertible into such class), including a sale pursuant to Rule 144(k) under the Securities Act during the period of distribution of the Company's securities in such offering and during

the period in which the underwriting syndicate, if any, participates in the aftermarket. In any such case the Company shall require the managing underwriter to notify the Company and the Company, in turn, shall notify all Holders of Registrable Securities included in the offering promptly after such participation ceases. If the Company or such managing underwriter so requests, each Holder shall enter into an agreement reflecting such restrictions.

(b) No Holder shall, during any period in which any of its Registrable Securities are included in any effective Registration Statement, (1) effect any stabilization transactions or engage in

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any stabilization activity in connection with the Common Shares or other equity securities of the Company in contravention of Regulation M under the Exchange Act; (2) permit any Affiliated Purchaser (as that term is defined in Rule 100(b) of Regulation M under the Exchange Act) to bid for or purchase for any account in which such Holder has a beneficial interest, or attempt to induce any other person to purchase, any Common Shares or Registrable Securities in contravention of Regulation M under the Exchange Act; or (3) offer or agree to pay, directly or indirectly, to anyone any compensation for soliciting another to purchase, or for purchasing (other than for such Holder's own account), any securities of the Company on a national securities exchange in contravention of Regulation M under the Exchange Act.

(c) Each Holder shall, in the case of a registration including Registrable Securities to be offered by it for sale through brokers transactions, furnish each broker through whom such Holder offers Registrable Securities such number of copies of the prospectus as the broker may require and otherwise comply with the prospectus delivery requirements under the Securities Act.

Section 6. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to effect a registration of Registrable Securities:

(a) The Company will use commercially reasonable efforts to prepare and file with the SEC, within the time periods specified herein, a Registration Statement on Form S-3 or its equivalent (or on such other registration form available to the Company that permits the greatest extent of incorporation by reference of materials filed by the Company, under the Exchange Act), and will use commercially reasonable efforts to cause such registration statement to become effective as promptly as practicable thereafter and to remain effective under the Securities Act until (1) the earlier of such time as all securities covered thereby have been disposed of pursuant to such Registration Statement or 180 days after such Registration Statement becomes effective, in the case of registrations pursuant to Section 2, or (2) 90 days after such Registration Statement becomes effective, in the case of registrations pursuant to Section 3, in every case as any such period may be extended pursuant to subsection (h) or Section 8.

(b) The Company will prepare and file with the SEC such amendments, post-effective amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for such period of time required by subsection (a), as such period may be extended pursuant to subsection (h) or Section 8.

(c) The Company will comply in all material respects with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration

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Statement during the period during which any such Registration Statement is

required to be effective.

(d) The Company will furnish to any Holder and any underwriter of Registrable Securities (1) such number of copies (including manually executed and conformed copies) of such Registration Statement and of each amendment thereof and supplement thereto (including all annexes, appendices, schedules and exhibits), (2) such number of copies of the prospectus used in connection with such Registration Statement (including each preliminary prospectus, any summary prospectus and the final prospectus and including prospectus supplements), and (3) such number of copies of other documents, in each case as the Holder or such underwriter may reasonably request.

(e) The Company will use commercially reasonable efforts to register or qualify all Registrable Securities covered by such Registration Statement under the securities or "blue sky" laws of states of the United States and any other jurisdiction as any Holder or any underwriter shall reasonably request, and do any and all other acts and things which may be reasonably requested by such Holder or such underwriter to consummate the offering and disposition of Registrable Securities in such jurisdictions; but the Company shall not be required to qualify generally to do business as a foreign corporation or as a dealer in securities, subject itself to taxation, or consent to general service of process in any jurisdiction wherein it is not then so qualified or subject.

(f) The Company will use, as soon as practicable after the effectiveness of the Registration Statement, commercially reasonable efforts to cause the Registrable Securities covered by such Registration Statement to be registered with, or approved by, such other United States and Bermuda public, governmental or regulatory authorities, if any, as may be required in connection with the disposition of such Registrable Securities.

(g) The Company will use commercially reasonable efforts to list the Registrable Securities covered by such Registration Statement on any securities exchange (or if applicable, the Nasdaq National Market System) on which any securities of the Company are then listed, if the listing of such Registrable Securities is then permitted under the applicable rules of such exchange (or if applicable, the Nasdaq National Market System).

(h) The Company will notify each Holder as promptly as practicable and, if requested by any Holder, confirm such notification in writing, (1) when a prospectus or any prospectus supplement has been filed with the SEC, and when a Registration Statement or any post-effective amendment thereto has been filed with and declared effective by the SEC, (2) of the issuance by the SEC of any stop order or the coming to its knowledge of the initiation of any proceedings for that purpose, (3) of the receipt by the Company of any notification with respect to the

suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (4) of the occurrence of any event which requires the making of any changes to a Registration Statement or related prospectus so that such documents will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (and the Company shall promptly prepare and furnish to each Holder a reasonable number of copies of a supplemented or amended prospectus such that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading), and (5) of the Company's determination that the filing of a post-effective amendment to a Registration Statement shall be necessary or appropriate. Upon the receipt of any notice from the Company of the occurrence of any event of the kind described in clause (4), the Holders shall forthwith discontinue any offer and disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until all Holders

shall have received copies of a supplemented or amended prospectus which is no longer defective and, if so directed by the Company, shall deliver to the Company all copies (other than permanent file copies) of the defective prospectus covering such Registrable Securities which are then in the Holders' possession. If the Company shall provide any notice of the type referred to in the preceding sentence, the period during which the Registration Statement is required by subsection (a) to be effective shall be extended by the number of days from and including the date such notice is provided, to and including the date when the Holders shall have received copies of the corrected prospectus.

(i) The Company will enter into such agreements and take such other appropriate actions as are customary and reasonably necessary to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, making its management available to the extent reasonably requested by the Holders to participate in marketing presentations to potential investors in connection with any underwritten offering), and in that regard, will deliver to the Holders such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold or, as applicable, the managing underwriters, to evidence the Company's compliance with this Agreement, including, in the case of any underwritten offering, using commercially reasonable efforts to cause its independent accountants to deliver to the managing underwriters an accountants' comfort letter substantially similar to that in scope delivered in an underwritten public offering and covering audited and interim financial statements included in the registration statement, or if such letter can not be obtained

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through the exercise of commercially reasonable efforts, cause its independent accountants to deliver to the managing underwriters a comfort letter based on negotiated procedures providing comfort with respect to the Company's financial statements included or incorporated by reference in the registration statement at the highest level permitted to be given by such accountants under the then applicable standards of the American Institute of Certified Public Accountants with respect to such Registration Statement.

Section 7. Underwriting.

(a) If requested by the underwriters for any underwritten offering of Registrable Securities pursuant to a registration under Section 2, the Company will enter into and perform its obligations under an underwriting agreement with the underwriters for such offering, such agreement to contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, customary provisions relating to indemnities and contribution and the provision of opinions of counsel and accountants' comfort letters. If Registrable Securities are to be distributed by such underwriters on behalf of any Holder, such Holder shall also be a party to any such underwriting agreement.

(b) If any registration pursuant to Section 4 shall involve an underwritten offering, the Company may require Registrable Securities requested to be registered pursuant to Section 4 to be included in such underwriting on the same terms and conditions as shall be applicable to the securities being sold through underwriters under such registration. In such case, each Holder requesting registration shall be a party to any such underwriting agreement. Such agreement shall contain such representations and warranties by the Holders requesting registration and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, provisions relating to indemnities and contribution (it being understood that each Holder shall not be required to make any representation concerning the Company or its business or to indemnify or contribute for any liabilities losses or expenses related to any omission or misstatements in any registration statement or prospectus except to the extent based upon information provided in writing by the Holder expressly for use therein).

(c) In any offering of Registrable Securities pursuant to a registration hereunder, each Holder requesting registration shall also enter into such additional or other agreements as may be customary in such transactions, which agreements may contain, among other provisions, such representations and warranties as the Company or the underwriters of such offering may reasonably request (including, without limitation, those concerning such Holder, its Registrable Securities, such Holder's intended plan

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of distribution and any other information supplied by it to the Company for use in such registration statement), and customary provisions relating to indemnities and contribution (it being understood that each Holder shall not be required to make any representation concerning the Company or its business or to indemnify or contribute for any liabilities losses or expenses related to any omission or misstatements in any registration statement or prospectus except to the extent based upon information provided in writing by the Holder expressly for use therein).

Section 8. Information Blackout.

(a) At any time when a Registration Statement is effective, upon written notice from the Company to the Holders that the Company has determined in good faith that sale of Registrable Securities pursuant to the Registration Statement would require disclosure of non-public material information, the disclosure of which would have a material adverse effect on the Company, all Holders shall suspend sales of Registrable Securities pursuant to such Registration Statement until the earlier of (1) 20 days after the Company notifies the Holders of such good faith determination, and (2) such time as the Company notifies the Holders that such material information has been disclosed to the public or has ceased to be material or that sales pursuant to such Registration Statement may otherwise be resumed (the number of days from such suspension of sales by the Holders until the day when such sales may be resumed hereunder is hereinafter called a "Sales Blackout Period").

(b) The time period set forth in Section 6(a)(1) or (2) shall be extended for a number of days equal to the number of days in the Sales Blackout Period.

(c) No Sales Blackout Period shall be commenced by the Company within 90 days after the end of a Sales Blackout Period.

Section 9. Rule 144. The Company shall take all actions reasonably necessary to comply with the filing requirements described in Rule 144(c)(1) under the Securities Act so as to enable the Holders to sell Registrable Securities without registration under the Securities Act. Upon the written request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with the filing requirements under such Rule 144(c)(1).

Section 10. Preparation; Reasonable Investigation; Information. In connection with the preparation and filing of each Registration Statement registering Registrable Securities under the Securities Act, (a) the Company will give the Holders and the underwriters, if any, and their respective counsel and accountants, drafts of such registration statement for their review and comment prior to filing and (during normal business hours and subject to such reasonable limitations as the Company

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may impose to prevent disruption of its business) such reasonable and customary access to its books and records and such opportunities to discuss the business

of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the reasonable opinion of the Holders of a majority of the Registrable Securities being registered and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act and (b) as a condition precedent to including any Registrable Securities of any Holder in any such registration, the Company may require such Holder to furnish the Company such information regarding such Holder and the distribution of such securities as the Company may from time to time reasonably request in writing or as shall be required by law or the SEC in connection with any registration.

Section 11. Indemnification and Contribution.

(a) In the case of each offering of Registrable Securities made pursuant to this Agreement, the Company shall, to the extent permitted by applicable law, indemnify and hold harmless each Holder, its officers and directors, each underwriter of Registrable Securities so offered and each Person, if any, who controls any of the foregoing persons within the meaning of the Securities Act ("Holder Indemnitees"), from and against any and all claims, liabilities, losses, damages, expenses and judgments, joint or several, to which they or any of them may become subject, including any amount paid in settlement of any litigation commenced or threatened, and shall promptly reimburse them, as and when incurred, for any legal or other expenses incurred by them in connection with investigating any claims and defending any actions, insofar as such losses, claims, damages, liabilities or actions shall arise out of, or shall be based upon, any violation or alleged violation by the Company of the Securities Act, any blue sky laws, securities laws or other applicable laws of any state or country in which the Registrable Securities are offered, and relating to action taken or action or inaction required of the Company in connection with such offering, or shall arise out of, or shall be based upon, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or in any preliminary or final prospectus included therein) relating to the offering and sale of such Registrable Securities, or any amendment thereof or supplement thereto, or in any document incorporated by reference therein, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; but the Company shall not be liable to any Holder Indemnitee in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement, or any omission or alleged omission, if such statement or omission shall have been made in reliance upon and in conformity with information furnished to the Company in writing by or on behalf of such Holder specifically for use in the

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preparation of the Registration Statement (or in any preliminary or final prospectus included therein), or any amendment thereof or supplement thereto. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of any Holder and shall survive the transfer of such securities. The foregoing indemnity agreement is in addition to any liability which the Company may otherwise have to any Holder Indemnitee.

(b) In the case of each offering of Registrable Securities made pursuant to this Agreement, each Holder, shall, to the extent permitted by applicable law, indemnify and hold harmless the Company, its officers and directors and each person, if any, who controls any of the foregoing within the meaning of the Securities Act (the "Company Indemnitees"), from and against any and all claims, liabilities, losses, damages, expenses and judgments joint or several, to which they or any of them may become subject, including any amount paid in settlement of any litigation commenced or threatened, and shall promptly reimburse them, as and when incurred, for any legal or other expenses incurred by them in connection with investigating any claims and defending any actions, insofar as any such losses, claims, damages, liabilities or actions shall arise out of, or shall be based upon, any violation by such Holder of the Securities Act, any

blue sky laws, securities laws or other applicable laws of any state or country in which the Registrable Securities are offered and relating to action taken or action or inaction required of such Holder in connection with such offering, or shall arise out of, or shall be based upon, any untrue statement of a material fact contained in the Registration Statement (or in any preliminary or final prospectus included therein) relating to the offering and sale of such Registrable Securities or any amendment thereof or supplement thereto, or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that such untrue statement is contained in, or such fact is omitted from, information furnished in writing to the Company by or on behalf of such Holder specifically for use in the preparation of such Registration Statement (or in any preliminary or final prospectus included therein). Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of any Company Indemnitee. In no event shall the liability of a Holder hereunder or under Section 11(d) be greater in amount than the dollar amount of the net proceeds received by it upon the sale of Registrable Securities pursuant to such offering. The foregoing indemnity is in addition to any liability which Holder may otherwise have to any Company Indemnitee.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to this Section 11, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing, but the failure to give such

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notice shall not relieve the indemnifying party or parties from any liability which it or they may have to the indemnified party. In case any such proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party and shall pay as incurred the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel at its own expense. Notwithstanding the foregoing, the indemnifying party shall pay as incurred the fees and expenses of the counsel retained by the indemnified party in the event (1) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (2) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm for all such indemnified parties. Such firm shall be designated in writing by the Holders of a majority of the Registrable Securities disposed under the applicable Registration Statements in the case of Holder Indemnitees and by the Company in the case of Company Indemnitees. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested the indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by this Section, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without the indemnifying party's written consent if (i) such settlement is entered into more than thirty (30) days after receipt by the indemnifying party of the aforesaid request, and (ii) the indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the consent of the indemnified party, which consent shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement which

does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation or which requires action other than the payment of money by the indemnifying party.

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(d) If the indemnification provided for in this Section 11 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, or if the indemnified party failed to give the notice required under subsection (c) and the indemnified party is actually prejudiced by such failure, then each indemnifying party shall, to the extent permitted by applicable law, contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect not only both the relative benefits received by such party (as compared to the benefits received by all other parties) from the offering in respect of which indemnity is sought, but also the relative fault of all parties in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by a party shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by it bear to the total amounts received by each other party. Relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to above shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding any other provision of this Section 11, the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement of any material fact contained in any such registration statement, preliminary prospectus, final prospectus or summary prospectus contained therein or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances in which they were made not misleading in a prospectus or prospectus

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supplement, if such untrue statement or omission is completely corrected in an amendment or supplement to such prospectus or prospectus supplement, the seller of the Registrable Securities has an obligation under the Securities Act to deliver a prospectus or prospectus supplement in connection with such sale of Registrable Securities and the seller of Registrable Securities thereafter fails to deliver such prospectus or prospectus supplement as so amended or supplemented prior to or concurrently with the sale of Registrable Securities to the person asserting such loss, claim, damage or liability after the Company has furnished such seller with a sufficient number of copies of the same.

Section 12. Expenses. In connection with any registration under this Agreement the Company shall pay all Registration Expenses (to the extent not borne by underwriters or others), except as provided in Section 2(f) or 3(d), and each Holder shall pay its pro rata share of the items described in clause (i) of the definition of "Registration Expenses" in Section 1.

Section 13. Notices. Except as otherwise provided below, whenever it is provided in this Agreement that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties hereto, or whenever any of the parties hereto, wishes to provide to or serve upon the other party any other communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be delivered in person or sent by telecopy, as follows: (a) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 13, and with respect to all other holders is as set forth in the register for the Registrable Securities; and (b) if to the Company, initially at the Company's principal address and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 13. The furnishing of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been duly furnished or served on the party to which it is addressed, in the case of delivery in person or by telecopy, on the date when sent (with receipt personally acknowledged in the case of telecopied notice) , and in all other cases, five business days after it is sent. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated above to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

Section 14. Entire Agreement. This Agreement represents the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes any and

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all prior oral and written agreements, arrangements and understandings among the parties hereto with respect to such subject matter; and this Agreement can be amended, supplemented or changed, and any provision hereof can be waived or a departure from any provision hereof can be consented to, only by a written instrument making specific reference to this Agreement signed by the Company and the Holders of a majority of the Registrable Securities then outstanding, but if by less than all Holders, then only to the extent such amendment, supplement or change does not adversely affect the rights of any Holder which is not a party thereto.

Section 15. Headings. The section headings contained in this Agreement are for general reference purposes only and shall not affect in any manner the meaning, interpretation or construction of the terms or other provisions of this Agreement.

Section 16. Applicable Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of New York applicable to contracts to be made, executed, delivered and performed wholly within such state and, in any case, without regard to the conflicts of law principles of such state.

Section 17. Severability. If any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

Section 18. No Waiver. The failure of any party at any time or times to require performance of any provision hereof shall not affect the right at a later time to enforce the same. No waiver by any party of any condition, and no

breach of any provision, term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be construed as a further or continuing waiver of any such condition or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

Section 19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same original instrument. Not all parties need sign the same counterpart. Delivery by facsimile of a signature page to this Agreement shall have the same effect or delivery of an original executed counterpart.

Section 20. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express

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assignment, subsequent Holders; but nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of applicable law. If any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such Holder shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement, and such Holder shall be entitled to receive the benefits hereof.

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IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

ANNUITY AND LIFE RE (HOLDINGS), LTD.

By /s/ Lawrence S. Doyle
Name: Lawrence S. Doyle
Title: President and Chief
Executive Officer

EXEL LIMITED

By /s/ Paul S. Giordano
Name: Paul S. Giordano
Title: SVP & General Counsel

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April 8, 1998

Prudential Securities Incorporated
Merrill Lynch, Pierce, Fenner & Smith Incorporated
BT Alex. Brown Incorporated
CIBC Oppenheimer Corp.
Schroder & Co, Inc.

As Representatives of the several Underwriters
c/o Prudential Securities Incorporated
One New York Place
New York, New York 10292

Gentlemen:

In connection with the initial public offering (the "Offering") of Common Shares, par value \$1.00 per share (the "Common Shares") of Annuity and Life Re (Holdings), Ltd. (the "Company"), the undersigned understands that the Company has filed a Registration Statement on Form S-1 (as amended, the "Registration Statement") with the Securities and Exchange Commission (the "Commission") for the registration of approximately 19,262,500 Common Shares (including 2,512,500 shares subject to an over-allotment option) in connection with the Offering. The undersigned further understands that you are contemplating entering into an Underwriting Agreement with the Company in connection with the Offering. All terms not otherwise defined herein shall have the same meanings as in the Underwriting Agreement.

In order to induce the Company, you and the other Underwriters to enter into the Underwriting Agreement and to proceed with the Offering, the undersigned agrees, for the benefit of the Company, you and the other Underwriters, that should the Offering be effected, the undersigned will not, without the prior written consent of the Company and Prudential Securities Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of the Underwriters, directly or indirectly, offer, sell, offer to sell, contract to sell, transfer, assign, pledge, hypothecate, grant any option to purchase or otherwise sell or dispose (or announce any offer, sale, offer of sale, contract of sale, transfer, assignment, pledge,

hypothecation, grant of any option to purchase or other sale or disposition) of (i) any Common Shares or other capital stock of the Company or (ii) any other securities convertible into, or exercisable or exchangeable for, any Common Shares or other capital stock of the Company beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) by the undersigned on the date hereof or hereafter acquired for a period of one year subsequent to the date of the final Prospectus filed with the Commission pursuant to Rule 424(b) of the Securities Act of 1933, as amended (the "Act") promulgated by the Commission, or if no filing under Rule 424(b) is made, the date of the final Prospectus included in the Registration Statement when declared effective under the Act.

Further, the undersigned agrees that prior to the effective date of the Registration Statement, the undersigned will not, without the prior written consent of the Company and Prudential Securities Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of the Underwriters, directly or indirectly, offer,, sell, offer to sell, contract to sell, transfer (or announce any offer, sale, offer of sale, contract of sale, transfer, assignment, pledge, hypothecation, grant of any option to purchase or otherwise dispose or transfer (or announce any offer, sale, offer of sale, contract of sale, transfer, assignment, pledge, hypothecation, grant of any option to purchase or other disposition or transfer) of (i) any Common Shares or other capital stock of the Company or (ii) any other securities convertible into, or exercise or exchangeable for, any Common Shares or other capital stock of the Company, beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) by the undersigned on the date hereof or hereafter acquired.

The undersigned confirms that it understands that the Underwriters and the Company will rely upon the representations set forth in this agreement in proceeding with the Offering. This agreement shall be binding on the undersigned and its respective successors, heirs, personal representatives and assigns.

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It is understood that, if the Underwriting Agreement does not become effective in accordance with its terms on or before June 30, 1998, this letter agreement shall become null and void of no further force or effect

EXEL LIMITED

By: _____
Name:
Title

The foregoing is accepted and agreed to as of the date first above written:

PRUDENTIAL SECURITIES
INCORPORATED

MERRILL LYNCH, PIERCE, FENNER
& SMITH INCORPORATED

By: _____
Name:
Title:

By: _____
Name:
Title:

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