

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1
(AMENDMENT NO. 16)
TENDER OFFER STATEMENT PURSUANT TO SECTION 14(D)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934

AMERICAN BANKERS INSURANCE GROUP, INC.
(NAME OF SUBJECT COMPANY)

SEASON ACQUISITION CORP.
CENDANT CORPORATION
(Bidders)
COMMON STOCK, PAR VALUE \$1.00 PER SHARE
(INCLUDING THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)
(Title of Class of Securities)
024456 10 5
(CUSIP Number of Class of Securities)

JAMES E. BUCKMAN, ESQ.
SENIOR EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL
CENDANT CORPORATION
6 SYLVAN WAY
PARSIPPANY, NEW JERSEY 07054
TELEPHONE: (973) 428-9700
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Bidders)

WITH A COPY TO:
DAVID FOX, ESQ.
ERIC J. FRIEDMAN, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
919 THIRD AVENUE
NEW YORK, NEW YORK 10022
TELEPHONE: (212) 735-3000

This Amendment No. 16 amends the Tender Offer Statement on Schedule 14D-1 initially filed on January 27, 1998 (as amended, the "Schedule 14D-1") by Cendant Corporation, a Delaware corporation ("Parent"), and its wholly owned subsidiary, Season Acquisition Corp., a New Jersey corporation ("Purchaser"), relating to Purchaser's tender offer for 23,501,260 outstanding shares of common stock, par value \$1.00 per share, of American Bankers Insurance Group, Inc., a Florida corporation (the "Company"). Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings given such terms in the Schedule 14D-1.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH SUBJECT COMPANY

The information set forth in subsection (b) of the Schedule 14D-1 is hereby amended and supplemented by the following information:

On February 24, 1998, Parent sent a letter conveying certain background information relating to Parent and its management to the members of the Company Board, a copy of which is included as an exhibit hereto and is incorporated herein by reference.

ITEM 10. ADDITIONAL INFORMATION.

The information set forth in subsection (e) of the Schedule 14D-1 is hereby amended and supplemented by the following information:

Parent submitted a letter to the state insurance commissioner of Arizona on February 23, 1998, and Parent submitted letters to the state insurance commissioners of New York and South Carolina on February 24, 1998, in connection with Parent's contention that, pursuant to certain contracts and agreements entered into between AIG and the Company and certain members of its management, AIG and those persons controlling AIG are currently in control over the Company without having obtained prior insurance regulatory approval in violation of the applicable insurance statutes. Copies of the letters are included as an exhibit hereto and incorporated herein by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

Item 11 is hereby amended as follows:

- (a)(22) Newspaper Advertisement published by Parent on February 24, 1998.
- (a)(23) Letter from Parent to members of the Company Board, dated February 24, 1998.
- (g)(25) Letter dated February 23, 1998 from Parent to the state insurance commissioner of Arizona, and Letters dated February 24, 1998 from Parent to the state insurance commissioners of New York and South Carolina.

SIGNATURE

After due 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: February 24, 1998

CENDANT CORPORATION

By: /s/ James E. Buckman

Name: James E. Buckman
Title: Senior Executive Vice
President
and General Counsel

SEASON ACQUISITION CORP.

By: /s/ James E. Buckman

Name: James E. Buckman
Title: Executive Vice President

EXHIBIT INDEX

EXHIBIT NO.

- (a)(22) Newspaper Advertisement published by Parent on February 24, 1998.
- (a)(23) Letter from Parent to members of the Company Board, dated February 23, 1998.
- (g)(25) Letter dated February 23, 1998 from Parent to the state insurance commissioner of Arizona, and Letters dated February 24, 1998 from Parent to the state commissioners of New York and South Carolina.

[Newspaper Advertisement Appearing in English and Spanish]

To the Employees of American Bankers Insurance Group:

FRIEND'-LY adj.

1. Showing kindly interest and goodwill
2. \$58 per share vs. \$47

IF YOU WANT TO KNOW WHOSE IS THE "FRIENDLY" OFFER
FOR AMERICAN BANKERS, JUST LOOK IT UP

According to Merriam-Webster's Collegiate Dictionary,(1) from which we quote our first definition, Cendant's is clearly the "friendly" offer for American Bankers.

It's a lot friendlier for American Bankers' employees and their communities.

And shareholders-many of whom are American Bankers employees-can certainly attest to the validity of the second definition-Cendant's \$58 per share offer is far superior to AIG's \$47 offer.

Consider these facts, and then decide for yourselves:

- o As we've publicly stated we intend to keep American Bankers' headquarters in Miami and maintain its employees and facilities, including the public school at American Bankers' headquarters campus.

That's a lot more attractive than AIG's vague posturing about "intentions". In its CONTRACT with American Bankers, AIG makes NO commitment to keep employees and facilities. And its proxy materials reference "expense savings" numerous times-that's usually "code" for reducing employment.

- o Cendant will CREATE jobs at American Bankers. We're not looking to CONSOLIDATE our business with yours, as AIG would do. We intend to GROW your business. We have over 35,000 employees worldwide, and expect to ADD a total of 1,000 new jobs to our acquired business this year alone.
- o As an added benefit, as Cendant employees you will receive special privileges and significant discounts for a wide array of the products and services that our companies and alliances offer-such as vacations, car rentals, shopping services, home security and even mortgage rates. These savings can be substantial.

Some of you may have wondered why Cendant is willing to PAY so much more for American Bankers than AIG.

To us, the answer is simple: we see more VALUE in you and your business.

Like you, we're direct marketers, and we appreciate your organization and your expertise. You've created a tremendous business. We believe that by adding your exceptional product range and the more than 100 million customer contacts we make each year, we'll give you a lot more opportunity to expand the products you offer and generate even more opportunities.

And that will create even GREATER value.

We're Cendant. We have some of the best-known brands in America, such as Avis(registered trademark), Days Inn(registered trademark), Howard Johnson(registered trademark), Ramada(registered trademark), CENTURY 21(registered trademark), Coldwell Banker(registered trademark), and the Welcome Wagon(registered trademark), Shoppers Advantage(registered trademark), Travelers Advantage(registered trademark) and AutoVantage(registered trademark) services, to name a few.

We're the world's most successful direct marketer-a \$30 billion-plus, A-rated company with the financial strength and stability to grow your company and provide appropriate capital for your business needs.

THE FRIENDLIER PARTNER

[LOGO] CENDANT

- - - - -
(1) By permission. From Merriam-Webster's Collegiate Dictionary (registered trademark), Tenth Addition (copyright) 1996 by Merriam-Webster, Incorporated.

[Cendant Logo]

February 24, 1998

Dear [American Bankers Board member]

While you have indicated that the restrictive nature of the AIG contract with American Bankers bars you from communicating with us, we also note that your 14D-9 filing indicated that you lacked certain information about our company. Accordingly, we are enclosing several documents, including analyst reports and financial information, about Cendant and its senior management, which we believe should be of interest to you. We would also like to share with you some key facts about Cendant:

- o Cendant is the world's premier provider of consumer and business services. Its brands include such well-known names as Century 21, Avis, AutoVantage, Ramada, Travelers Advantage and Resort Condominiums International, to name just a few.
- o We have been accorded an investment grade rating of "A" by three separate rating agencies, a higher rating than that of American Bankers.
- o As recently as February 10, 1998, Goldman Sachs, AIG's own financial advisor, lauded Cendant for creating "one of the best business models we have come across." (Copy enclosed) Goldman Sachs' analyst also stated, "Cendant is a cash flow machine..." (In reports dated January 22, 1998 and February 5, 1998)
- o We are one of the very few companies (others include Disney, Intel, and Microsoft) which have a market value greater than \$20 billion and annual growth in earnings of more than 20 percent.
- o We have been approved in another transaction by the insurance commissions of New York and Colorado to own insurance companies domiciled there and have been licensed to operate various other businesses.

Cendant's goal for American Bankers is to maximize its growth potential on a sound financial basis as a member of the world's premier direct marketing company. Considerable benefits would result from combining the marketing strengths of Cendant and American Bankers. Cendant would provide formidable distribution channels for the sale of American Bankers products and utilize American Bankers' distribution channel for Cendant's broad array of products and services.

We are asking you both to keep an open mind and to recognize that you owe a fiduciary duty to your shareholders. We believe that if you objectively consider the facts, you'll realize that we would make an excellent partner for American Bankers, an even better partner than AIG -- and certainly the superior choice for shareholders. We are committed to maintaining American Bankers' headquarters in Miami and keeping your employees. We have strong financial credentials, and we have included research reports from both your financial advisor and AIG's financial advisor which attest to the value of and outlook for Cendant.

We feel it is important to point out that YOU ARE UNDER NO OBLIGATION TO ADJOURN OR POSTPONE YOUR SHAREHOLDER MEETINGS. In fact, doing so, especially in light of the significant discrepancy in price between the two offers, will simply prolong a disadvantageous position for your shareholders. Let us assure you that we are serious about this transaction. WE REMAIN EAGER TO DISCUSS A TRANSACTION WITH YOU AND WE WOULD BE HAPPY TO MEET WITH YOU AT ANY TIME SUCH MEETING IS LEGALLY PERMISSIBLE.

Please feel free to contact Walter Forbes at (203) 965-5118 or Henry Silverman at (212) 421-6080 at any time.

Sincerely,

/s/ Walter A. Forbes

Walter A. Forbes
Chairman

/s/ Henry R. Silverman

Henry R. Silverman
President and Chief Executive Officer

[Brown & Bain Letterhead]

Howard Ross Cabot
T (602) 351-8235
cabot@brownbain.com

February 23, 1998

Application of American International Group, Inc.
to Acquire Control of American Bankers Insurance Group, Inc.

Dear Director Greene:

I am writing on behalf of Cendant Corporation and Season Acquisition Corporation (collectively, "Cendant") to bring to your attention certain contracts entered into and related agreements put in place between American International Group, Inc. ("AIG") and American Bankers Insurance Group, Inc. ("American Bankers") which provide AIG and the persons controlling AIG with "control" over American Bankers within the meaning of A.R.S. ss. 20-481(3) without the requisite prior approval of your Department.

A.R.S. ss. 20-481(3) defines "control" as "possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract . . . or otherwise . . ." (Emphasis added).

Several features of the proposed AIG transaction, which are virtually unprecedented, provide AIG with the power to direct the management and policies of American Bankers on an ongoing basis for at least six months and provide "control" over a transaction that the Supreme Court of the United States has described as one of the most important matters in the existence of a company. See *Basic Inc. v. Levison*, 485 U.S. 224 (1988). These control provisions include the following:

(a) the absolute control by AIG over American Bankers' ability to pursue or consider any competing transaction proposals as reflected in the "Fiduciary Sabbatical Provision" which precludes American Bankers' Board of Directors (the "American Bankers Board") from pursuing or even considering any transaction which might compete with the proposed AIG transaction unless AIG agrees (with no "fiduciary out" feature for 120 days) (see Section 6.2 of the AIG/American Bankers Merger Agreement);

(b) the absolute veto power of AIG over any amendment of American Bankers' "poison pill" Rights Agreement which could facilitate any competing offer to acquire American Bankers (once again with no fiduciary out reserved to the American Bankers Board) and the delegation to AIG of determinations with respect to terminating or redeeming the outstanding Rights, extending the term of the Rights Agreement (which is scheduled to expire on March 10, 1998) and adopting a new Rights Agreement⁽¹⁾ (see Sections 5.1(q)(ii), 6.2 and 6.15(a) of the AIG/American Bankers Merger Agreement);

(c) the control ceded to AIG over one of American Bankers' fundamental corporate processes -- meetings of shareholders -- as evidenced by American Bankers' agreement to convene a meeting of its shareholders to consider the proposed AIG transaction regardless of whether the American Bankers Board continues to support the proposed AIG transaction (see Section 6.4 of the AIG/American Bankers Merger Agreement);

(d) the abandonment by the American Bankers Board of its ability to determine and recommend the best course of action to American Bankers' shareholders as evidenced by American Bankers' agreement not to recommend a competing acquisition proposal to American Bankers' shareholders (with no fiduciary out feature for 120 days) and its agreement not to withdraw or modify its recommendation of the proposed AIG transaction, subject to fiduciary obligations under applicable law (see Sections 6.2 and 6.4 of the AIG/American Bankers Merger Agreement);

(e) American Bankers' agreement to solicit shareholder approval of the proposed AIG transaction and its agreement to use "all best efforts . . . to consummate and make effective the [proposed AIG/American Bankers] Merger . . ." (see Sections 6.4 and 6.5(b) of the AIG/American Bankers Merger Agreement) coupled with the fact that R. Kirk Landon (American Bankers' Chairman and Chief International Officer) and Gerald N. Gaston (Vice-Chairman, President and Chief Executive Officer of American Bankers) have agreed, among other things, (i) to vote the

- - - - -

¹ On February 20, 1998, American Bankers announced that it had entered into a new Rights Agreement to replace the existing Rights Agreement on March 10, 1998.

approximately 8.0% of the outstanding common shares of American Bankers beneficially owned by them in favor of approving the proposed AIG transaction and (ii) upon request, to grant AIG an irrevocable proxy with respect to such common shares (see Section 2 of the AIG Voting Agreement);

(f) the abandonment by American Bankers of its right to terminate the AIG/American Bankers Merger Agreement for at least 180 days in the context of a competing transaction proposal (see Sections 8.2(iv) and 8.3(a) of the AIG/American Bankers Merger Agreement);

(g) the control that AIG exerts over many of American Bankers' operational matters, including for example changes to its capitalization, modifications to employee benefit arrangements, modifications to investment guidelines or policies or entering into new quota share or other reinsurance transactions that do not meet certain specified criteria (see Section 6.1 of the AIG/American Bankers Merger Agreement);

(h) the guarantee that current American Bankers' directors that so desire will be appointed as directors of the surviving corporation of the proposed merger of American Bankers and an AIG subsidiary (see Section 3.1 of the AIG/American Bankers Merger Agreement); and

(i) the financial penalties (in the amount of \$66 million) that would be imposed upon American Bankers if it or AIG terminates the AIG/American Bankers Merger Agreement (after 180 days in the case of American Bankers) as a result of the failure by American Bankers' shareholders to approve the AIG transaction or if American Bankers terminates the AIG/American Bankers Merger Agreement after 180 days to enter into a competing transaction agreement (see Section 8.5(b) of the AIG/American Bankers Merger Agreement).

Given these provisions, the contracts and agreements between AIG and American Bankers provide AIG with control over American Bankers. The failure of AIG and those persons controlling AIG to obtain the prior approval of your Department before entering into the foregoing contracts and agreements is in direct violation of the provisions of A.R.S. ss. 20-481.02(A). Accordingly, Cendant respectfully requests that your Department immediately take all appropriate regulatory action to enforce your statutes and to require AIG and those persons controlling AIG to renounce, waive or

Honorable John Greene

-4-

February 23, 1998

otherwise relinquish each of the foregoing control provisions in the contracts and agreements with American Bankers.

In addition, we believe that the willful violation of your statutes by AIG and those persons controlling AIG is, in itself, sufficient grounds to deny AIG's application to acquire control of American Bankers.

Very truly yours,

/s/ Howard Ross Cabot

Howard Ross Cabot

Honorable John Greene
Director of Insurance
Arizona Department of Insurance
2910 North 44th Street, Suite 210
Phoenix, Arizona 85018

VIA HAND DELIVERY

HRC:mam

Copy to:

Michael De La Cruz, Esq.
Assistant Attorney General
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

VIA HAND DELIVERY

Ms. Laura Badian
Securities and Exchange Commission
Washington, D.C. 20549

HONORABLE JOHN GREENE
DIRECTOR OF INSURANCE
ARIZONA DEPARTMENT OF INSURANCE
2910 NORTH 44TH STREET, SUITE 210
PHOENIX, ARIZONA 85018

VIA HAND DELIVERY

MICHAEL DE LA CRUZ, ESQ.
ASSISTANT ATTORNEY GENERAL
OFFICE OF THE ATTORNEY GENERAL
1275 WEST WASHINGTON
PHOENIX, ARIZONA 85007

VIA HAND DELIVERY

MS. LAURA BADIAN
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIRECT DIAL
212-735-2930
DIRECT FAX
212-735-3639

February 24, 1998

Honorable Neil D. Levin
Superintendent of Insurance
New York State Department of Insurance
25 Beaver Street
New York, NY 10004-2319

Attention: Mr. Martin Carus, Assistant Deputy
Superintendent/Chief Examiner

Re: Application of American International Group, Inc. to
Acquire Control of American Bankers Insurance
Group, Inc.

Dear Superintendent Levin:

I am writing on behalf of Cendant Corporation and Season Acquisition Corporation (collectively, "Cendant") to bring to your attention certain contracts entered into and related agreements put in place between American International Group, Inc. ("AIG") and American Bankers Insurance Group, Inc. ("American Bankers") which provide AIG and those persons controlling AIG with "control" over American Bankers within the meaning of Section 1501 without the requisite prior approval of your Department.

Section 1501(a)(2) of the New York Insurance Laws defines "control" as "possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities by contract . . . or otherwise . . ." (emphasis added).

Several features of the proposed AIG transaction, which are virtually unprecedented, provide AIG with the power to direct the management and policies of

American Bankers on an ongoing basis for at least six months and provide "control" over a transaction that the Supreme Court of the United States has described as one of the most important matters in the existence of a company. See *Basic Inc. v. Levinson*, 485 U.S. 224 (1988). These control provisions include the following:

(a) the absolute control by AIG over American Bankers' ability to pursue or consider any competing transaction proposals as reflected in the "Fiduciary Sabbatical Provision" which precludes American Bankers' Board of Directors (the "American Bankers' Board") from pursuing or even considering any transaction which might compete with the proposed AIG transaction unless AIG agrees (with no "fiduciary out" feature for 120 days)(see Section 6.2 of the AIG/American Bankers Merger Agreement);

(b) the absolute veto power of AIG over any amendment of American Bankers' "poison pill" Rights Agreement which could facilitate any competing offer to acquire American Bankers (once again with no fiduciary out reserved to the American Bankers' Board) and the delegation to AIG of determinations with respect to terminating or redeeming the outstanding Rights, extending the term of the Rights Agreement (which is scheduled to expire on March 10, 1998) and adopting a new Rights Agreement⁽¹⁾ (see Sections 5.1(q)(ii), 6.2 and 6.15(a) of the AIG/American Bankers Merger Agreement);

(c) the control ceded to AIG over one of American Bankers' fundamental corporate processes -- meetings of shareholders -- as evidenced by American Bankers' agreement to convene a meeting of its shareholders to consider the proposed AIG transaction regardless of whether the American Bankers Board continues to support the proposed AIG transaction (see Section 6.4 of the AIG/American Bankers Merger Agreement);

(d) the abandonment by the American Bankers' Board of its ability to determine and recommend to the best course of action for American Bankers' shareholders as evidenced by American Bankers' agreement not to recommend a competing acquisition proposal to American Bankers' shareholders (with no fiduciary out feature for 120 days) and its agreement not to withdraw or modify

- - - - -

¹ On February 20, 1998, American Bankers announced that it had entered into a new Rights Agreement to replace the existing Rights Agreement on March 10, 1998.

its recommendation of the proposed AIG transaction, subject to fiduciary obligations under applicable law (see Sections 6.2 and 6.4 of the AIG/American Bankers Merger Agreement);

(e) American Bankers' agreement to solicit shareholder approval of the proposed AIG transaction and its agreement to use "all best efforts . . . to consummate and make effective the [proposed AIG/American Bankers] Merger . . ." (see Sections 6.4 and 6.5(b) of the AIG/American Bankers Merger Agreement) coupled with the fact that R. Kirk Landon (American Bankers' Chairman and Chief International Officer) and Gerald N. Gaston (Vice-Chairman, President and Chief Executive Officer of American Bankers) have agreed, among other things, (i) to vote the approximately 8.0% of the outstanding common shares of American Bankers beneficially owned by them in favor of approving the proposed AIG transaction and (ii) upon request, to grant AIG an irrevocable proxy with respect to such common shares (see Section 2 of the AIG Voting Agreement);

(f) the abandonment by American Bankers of its right to terminate the AIG/American Bankers Merger Agreement for at least 180 days in the context of a competing transaction proposal (see Sections 8.2(iv) and 8.3(a) of the AIG/American Bankers Merger Agreement);

(g) the control that AIG exerts over many of American Bankers' operational matters, including for example changes to its capitalization, modifications to employee benefit arrangements, modifications to investment guidelines or policies or entering into new quota share or other reinsurance transactions that do not meet certain specified criteria (see Section 6.1 of the AIG/American Bankers Merger Agreement);

(h) the guarantee that current American Bankers' directors that so desire will be appointed as directors of the surviving corporation of the proposed merger of American Bankers and an AIG subsidiary (see Section 3.1 of the AIG/American Bankers Merger Agreement); and

(i) the financial penalties (in the amount of \$66 million) that would be imposed upon American Bankers if it or AIG terminates the AIG/American Bankers Merger Agreement (after 180 days in the case of American Bankers) as

a result of the failure by American Bankers' shareholders to approve the AIG transaction or if American Bankers terminates the AIG/American Bankers Merger Agreement after 180 days to enter into a competing transaction agreement (see Section 8.5(b) of the AIG/American Bankers Merger Agreement).

Given these provisions, the contracts and agreements between AIG and American Bankers provide AIG with control over American Bankers. The failure of AIG and those persons controlling AIG to obtain the prior approval of your Department before entering into the foregoing contracts and agreements is in direct violation of the provisions of Section 1506 of the New York Insurance Laws. Accordingly, Cendant respectfully requests that your Department immediately take all appropriate regulatory action to enforce your statutes and to require AIG and those persons controlling AIG to renounce, waive or otherwise relinquish each of the foregoing control provisions in the contracts and agreements with American Bankers.

In addition, we believe that the willful violation of your statutes by AIG and those persons controlling AIG is, in itself, sufficient grounds to deny AIG's application to acquire control of American Bankers.

Very truly yours,

/s/ Robert J. Sullivan

Robert J. Sullivan

cc: Ms. Lorraine Gash
Supervisor
Mr. Frederick Bodinger
Associate Examiner
Ms. Laura Badian
Securities and Exchange Commission

February 24, 1998

Columbia

HAND DELIVERED TO:

Honorable Lee P. Jedziniak
Director of Insurance
S.C. Department of Insurance
1612 Marion Street
Columbia, S.C. 29201

Re: Application of American International Group, Inc. to Acquire
Control of American Bankers Insurance Group, Inc,

Dear Director Jedziniak:

I am writing on behalf of Cendant Corporation and Season Acquisition Corporation (collectively, "Cendant") to bring to your attention certain contracts entered into and related agreements put in place between American International Group, Inc. ("AIG") and American Bankers Insurance Group, Inc. ("American Bankers") which provide AIG and the persons controlling AIG with "control" over American Bankers within the meaning of Sections 38-21-10(2) and 38-21-60 of the South Carolina Code of Laws (1976), as amended, without the requisite prior approval of your Department.

Section 38-21-10(2) defines "control" as "possession, direct or indirect, of the management and policies of a person, whether through the ownership of voting securities by contract . . . or otherwise" (emphasis added)

Several features of the proposed AIG transaction, which are virtually unprecedented, provide AIG with the power to direct the management and policies of American Bankers on an ongoing basis for at least six months and provide "control" over a transaction that the Supreme Court of the United States has described as one of the most important matters in the existence of a company. See Basic

Inc. v. Levison, 485 U.S. 224 (1988). These control provisions include the following:

(a) the absolute control by AIG over American Bankers' ability to pursue or consider any competing transaction proposals as reflected in the "Fiduciary Sabbatical Provision" which precludes American Bankers' Board of Directors (the "American Bankers Board") from pursuing or even considering any transactions which might compete with the proposed AIG transaction unless AIG agrees (with no "fiduciary out" feature for 120 days) (see Section 6.2 of the AIG/American Bankers Merger Agreement);

(b) the absolute veto power of AIG over any amendment of American Bankers' "poison pill" Rights Agreement which could facilitate any competing offer to acquire American Bankers (once again with no fiduciary out reserved to the American Bankers Board) and the delegation to AIG of determinations with respect to terminating or redeeming the outstanding Rights, extending the term of the Rights Agreement (which is scheduled to expire on March 10, 1998) and drafting a new Rights Agreement (1) (see Sections 5.1(q)(ii), 6.2 and 6.15(a) of the AIG/American Bankers Merger Agreement);

(c) The control ceded to AIG over one of American Bankers' fundamental corporate processes -- meeting of shareholders -- as evidenced by American Bankers' agreement to convene a meeting of its shareholders to consider the proposed AIG transaction regardless of whether the American Bankers Board continues to support the proposed AIG transaction (see Section 6.4 of the AIG/American Bankers Merger Agreement);

(d) The abandonment by the American Bankers Board of its ability to determine and recommend to the best course of action for American Bankers' shareholders as evidenced by American Bankers' agreement not to recommend a competing acquisition proposal to American Bankers' shareholders (with no fiduciary out feature for 120 days) and its agreement not to withdraw or modify its recommendation of the proposed AIG transaction, subject to fiduciary obligations under applicable law (see Section 6.2 and 6.4 of the AIG/American Bankers Merger Agreement);

(e) American Bankers' agreement to solicit shareholder approval of the proposed AIG transaction and its agreement to use "all best efforts . . . to consummate and make effective the [proposed AIG/American Bankers] Merger . . ." (see Section 6.4 and 6.5(b) of the AIG/American Bankers Merger Agreement) coupled with the fact that R. Kirk Landon (American Bankers' Chairman and Chief International Officer) and Gerald N. Gaston (Vice-Chairman, President and Chief Executive Officer of American Bankers) have agreed, among

- - - - -
1 On February 20, 1998, American Bankers announced that it had entered into a new Rights Agreement to replace the existing Rights Agreement on March 10, 1998.

other things (i) to vote the approximately 8.0% of the outstanding common shares of American Bankers beneficially owned by them in favor of approving the proposed AIG transaction and (ii) upon request, to grant AIG an irrevocable proxy with respect to such common shares (see Section 2 of the AIG Voting Agreement);

(f) the abandonment by American Bankers of its right to terminate the AIG/American Bankers Merger Agreement for at least 180 days in the context of a competing transaction proposal (see Section 8.2 (iv) and 8.3(a) of the AIG/American Bankers Merger Agreement);

(g) the control that AIG exerts over many of American Bankers' operational matters, including for example changes to its capitalization, modifications to employee benefit arrangements, modifications to investment guidelines or policies or entering into new quota share or other reinsurance transactions that do not meet certain specified criteria (see Section 6.1 of the AIG/American Bankers Merger Agreement);

(h) the guarantee that current American Bankers' directors that so desire will be appointed as directors of the surviving corporation of the proposed merger of American Bankers and an AIG subsidiary (see Section 3.1 of the AIG/American Bankers Merger Agreement); and

(i) the financial penalties (in the amount of \$66 million) that would be imposed upon American Bankers if it or AIG terminates the AIG/American Bankers Merger Agreement (after 180 days in the case of American Bankers) as a result of the failure by American Bankers' shareholders to approve the AIG transaction or if American Bankers terminates the AIG/American Bankers Merger Agreement after 180 days to enter into a competing transaction agreement (see section 8.5 (b) of the AIG/American Bankers Merger Agreement).

Given these provisions, the contracts and agreements between AIG and American Bankers provide AIG with control over American Bankers. The failure of AIG and those persons controlling AIG to obtain the prior approval of your Department before entering into the foregoing contracts and agreements is in direct violation of the provisions of Section 38-21-60. Accordingly, Cendant respectfully requests that your Department immediately take all appropriate regulatory action to enforce your statutes and to require AIG and those persons controlling AIG to renounce, waive or otherwise relinquish each of the foregoing control provisions in the contracts and agreements with American Bankers.

In addition, we believe that the willful violation of your statutes by AIG and those persons controlling AIG is, in itself, sufficient grounds to deny AIG's application to acquire control of

American Bankers.

With kind personal regards, I am

Very truly yours,

TURNER, PADGET, GRAHAM & LANEY, P.A.

/s/ Thomas C. Salane

Thomas C. Salane

TCS/nac

cc: Laura Badian
Securities and Exchange Commission