SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1
(AMENDMENT NO. 15)
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. 15 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 10. ADDITIONAL INFORMATION.

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

On February 19, 1998, in response to assertions by AIG that the voting by Parent of the proxies it is soliciting in opposition to the Proposed AIG Merger requires prior insurance regulatory approval, an Assistant Attorney General of the State of Arizona sent a letter (the "Arizona Advisory Letter") to Parent advising that, pursuant to an Arizona statute, the prior approval of the Arizona Department would be required in order for Parent to vote such proxies and requesting that Parent respond to the Arizona Advisory Letter. On February 20, 1998, Parent delivered its response to the Arizona Advisory Letter detailing why the Arizona statute does not, and should not, apply to Parent's proxy solicitation against the Proposed Cendant Merger. In response to Parent's February 20 letter, on February 23, 1998, the Assistant Attorney General of the State of Arizona sent Parent a letter (the "Supplemental Arizona Advisory Letter") clarifying the Arizona Advisory Letter and indicating that the Arizona Insurance Department has not reached any judgment in this matter, has not adopted AIG's interpretation of Parent's proxy materials, has not taken any action in this matter and believes that Parent's arguments merit serious consideration. Copies of the Arizona Advisory Letter, the Parent response thereto and the Supplemental Arizona Advisory Letter are included as exhibits hereto and incorporated herein by reference.

On February 23, 1998, Parent sent a letter to the Arizona Department, the New York Department, the Florida Department and the South Carolina Department and the state insurance commissioners of Georgia, South Carolina and Texas providing additional information about Cendant and refuting allegations previously made by AIG to such commissioners regarding Parent and its management.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

Item 11 is hereby amended as follows:

(a)(21) Text of Press Release issued by Parent on February 23, 1998.

(g)(21) Letter dated February 19, 1998 from the Office of the Attorney General for the State of Arizona to Parent.

(g)(22) Letter dated February 20, 1998 from Parent to Office of the Attorney General for the State of Arizona.

(g)(23) Letter dated February 23, 1998 from the Office of the Attorney General for the State of Arizona to Parent.

(g)(24) Letter dated February 23, 1998 from Parent to the Arizona Department, the Florida Department, the New York Department and the South Carolina Department and the state insurance commissioners of Georgia and Texas.

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

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For Immediate Release

ARIZONA ATTORNEY GENERAL CONFIRMS AIG IMPROPERLY CHARACTERIZED ITS POSITION ON CENDANT'S PROXY SOLICITATION

Stamford, CT and Parsippany, NJ, February 23, 1998--Cendant Corporation (NYSE: CD) said that American International Group (NYSE: AIG) improperly characterizes the position of the Attorney General in Arizona regarding Cendant's proxy solicitation of American Bankers Insurance Group's (NYSE: ABI) shareholders.

In a letter Cendant received today (February 23, 1998), the Department stated that it "is not accurate" to "assume the Department has adopted AIG's interpretation of the proxy materials" and that "We believe Cendant's arguments merit serious consideration."

The letter also confirmed that "the Department has not reached any 'judgement' in this matter" and "the Department has not taken any action."

Cendant separately noted that the administrative law judge having jurisdiction over the proceedings relating to AIG's Form A Application in Arizona has made no determination on Cendant's motion to have its hearing consolidated with AIG's hearing. Cendant's application for expedited review of its Form A is pending.

Cendant reaffirmed its belief that ABI shareholders will vote against the pending $47 per share merger of American Bankers with AIG, when compared to Cendant's $58 per share proposal.

Investor Contact:	Media Contact:	or:
Laura P. Hamilton	Elliot Bloom	Jim Fingeroth/Thomas Davies
Senior Vice President	Vice President	Kekst and Company
Corporate Communications	Public Relations	(212) 521-4800
and Investor Relations	(973) 496-8414	
(203) 965-5114		

# # # #

[OFFICE OF THE ATTORNEY GENERAL OF ARIZONA LETTERHEAD]

February 19, 1998

VIA FACSIMILE AND U.S. MAIL

Howard Ross Cabot, Esq.
BROWN & BAIN, P.A.
2901 North Central Avenue
PO BOX 400
Phoenix, Arizona 85001-0400

RE: CENDANT CORPORATION'S PROXY SOLICITATION

Dear Mr. Cabot:

The Arizona Department of Insurance has been provided and has reviewed a copy of Cendant Corporation's ("Cendant") "Solicitation of Proxies in Opposition to the Proposed Merger of American Bankers Insurance Group, Inc. and American International Group, Inc." Please be advised that to the extent of its impact upon the acquisition of control of the Arizona domiciled subsidiaries of ABIG we believe the proxy solicitation will constitute an agreement to acquire control of an insurer, within the meaning of A.R.S. Sections 20-481(3) and 20-281.02(A), in the event Cendant obtains proxies which provide it with the power to vote 10% or more of ABIG's voting stock. At that time, if Cendant's voting power meets or exceeds the 10% threshold, the proxy solicitation will be deemed to be an agreement to acquire control of a domestic insurer or a person who controls a domestic insurer, and the filing and approval of a Form A from Cendant will be required prior to effectuation of the agreement (i.e., voting of the proxies).

To the extent of its impact upon the acquisition of control of the Arizona domiciled subsidiaries of ABIG, there are significant ramifications for Cendant if the proxy solicitation ultimately constitutes an agreement and Cendant proceeds to vote the proxies without Form A approval. The proxies will not be effective as a matter of law, pursuant to A.R.S. Section 20-481.02(D). The proxies may not be counted for quorum purposes at the shareholders' meetings nor may they be voted, pursuant to A.R.S. Section 20-481.29(B). The failure to obtain Form A approval will be deemed a violation of A.R.S. Section 20-481. et seq., and will constitute a Class I misdemeanor. A.R.S. Sections 20-481.23(1) and 20-481.26(D). Additionally, there are provisions for injunctive and equitable

relief, sequestration of the affected securities, monetary penalties, and administrative disciplinary action and special action relief. A.R.S. Sections 20-481.26, 20-481.28, and 20-481.30.

The Department requests a response to this advisory, which may be directed to me, by no later than February 25, 1998. Thank you in anticipation of your cooperations.

Sincerely,

/s/ Michael J. De La Cruz

MICHAEL J. DE LA CRUZ
Assistant Attorney General
Consumer Protection & Advocacy Section
Telephone: (602) 542-7722
Facsimile: (602) 542-4377

cc: Robert J. Sullivan, Esq.
Jeremy E. Butler, Esq.
Charles R. Cohen, Deputy Director
Gary A. Torticill, Assistant Director

MJD/ff/17696
CPA98-022

[Letterhead of Brown & Bain]

February 20, 1998

Cendant Corporation's Proxy Solicitation

Dear Mr. De La Cruz:

I write on behalf of Cendant Corporation and Season Acquisition Corp. (collectively, "Cendant") in response to your letter of yesterday. Before addressing the substantive issues raised in your letter, I must inform you that I was both astonished and disappointed to learn that the Department of Insurance has apparently reached judgment on those issues without permitting Cendant any opportunity to be heard, despite Cendant's request for such an opportunity.

This past Tuesday, February 17, 1998, Cendant first learned that American International Group, Inc. ("AIG") - which, as you are aware, is competing against Cendant's economically superior bid to acquire American Bankers Insurance Group, Inc., a Florida corporation with thousands of stockholders nationwide ("American Bankers") - delivered on February 13, 1998, form letters to the insurance departments of five states, including the Arizona Department of Insurance, improperly accusing Cendant of violating the insurance holding company statutes of those states through its proxy solicitation. On Wednesday, February 18, after unsuccessfully attempting to reach you by telephone, I sent to you by facsimile a letter informing you that Cendant intended to hand deliver to your office on Thursday, February 19, a response to AIG's accusations, and asking you to call me once you had reviewed Cendant's response to discuss the issues raised by AIG's form letter.

In a telephone conversation yesterday, you advised me that you were preparing a letter to Cendant, and you requested that Cendant refrain from responding to AIG's letter until your letter was received. This conversation left me with the distinct impression that your letter would be requesting from Cendant information to enable the Department to make an informed decision, and with that understanding I agreed to await your letter before delivering Cendant's response to AIG's letter.

With this background, I was astounded to receive your advisory letter of yesterday, which adopts AIG's reasoning and states that in the event Cendant receives proxies for 10% or more of American Bankers' voting stock "the proxy solicitation will be deemed to be an agreement to acquire control of a domestic insurer." As discussed below, Cendant's proxy solicitation does not trigger Arizona's acquisition of control

requirements, and for this reason Cendant specifically requested the opportunity to be heard on the issues raised by AIG before the Department formed a judgment on these issues. Having been denied this opportunity, Cendant now respectfully requests that you reconsider your position for the reasons stated below.

AIG has incorrectly alleged that Cendant's solicitation of proxies in opposition to the proposed merger of American Bankers and AIG (the "Proposed AIG Merger") violates A.R.S. ss. 20-481.02(A) in that it triggers a presumption of "control," as defined in A.R.S. ss. 20-481(3), thereby necessitating regulatory approval. In particular, AIG mistakenly claims that Cendant could not hold or vote proxies in opposition to the Proposed AIG Merger without prior regulatory approval because, according to the second sentence of A.R.S. ss. 20-481(3), "[c]ontrol is presumed to exist if any person . . . holds with the power to vote, or holds proxies representing ten percent or more of the voting securities of any other person."

What AIG's February 13 letter fails adequately to consider is the first sentence of the statutory definition of "control" and how Cendant's solicitation of proxies in opposition to the proposed AIG merger does not implicate that definition. Nor is Cendant's proxy solicitation the type of action that Arizona's insurance laws intend to subject to regulatory approval.

The first sentence of 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). Regulators typically take the view that holding a revocable proxy does not give the holder beneficial ownership of or control over the shares underlying the proxy or the issuer of those shares. See, e.g., Amendments to Beneficial Ownership Reporting Requirements, Exchange Act Release No. 34-39538, 66 S.E.C. Docket 596 (Jan. 12, 1998) ("when a shareholder solicits and receives revocable proxy authority... that shareholder does not obtain beneficial ownership under Section 13(d) in the shares underlying the proxy"); Federal Reserve System, Regulations on Change in Bank Control, 12 C.F.R. ss. 225.42(5) (1998) (acquisition of power to vote securities through revocable proxy terminating within a reasonable period after meeting at which vote is to be cast is not required to be disclosed to the Federal Reserve Board under change of control regulations).

Cendant's solicitation of proxies is not an effort to acquire "control" under A.R.S. ss.ss. 20-481(3) and 20-481.02(A) because the proxies it seeks are for the limited purpose of opposing the Proposed AIG Merger and will not confer upon Cendant the

power to direct or cause the direction of the management and policies of American Bankers or its Arizona insurer subsidiaries. Representatives of Cendant holding proxies are nothing more than conduits through whom the wishes of the individual shareholders granting proxies are communicated. Cendant will have to vote any proxies it obtains in accordance with the instructions of the shareholders granting the proxies, which instructions could include (as AIG acknowledges in its February 13th letter) voting in favor of the Proposed AIG Merger rather than against it as Cendant would hope. Enclosed is a copy of the Cendant proxy card sent to the Common Shareholders of American Bankers evidencing (1) that the solicited appointment of James E. Buckman and Michael P. Monaco as proxies is for the sole purpose of approving or disapproving the Proposed AIG Merger at the special meeting, and (2) that upon appointment, such proxy holders are directed to vote the shares in accordance with the specifications made by the shareholder in connection with the Proposed AIG Merger or, absent specific instructions, against the Proposed AIG Merger. The absence of any discretion on the part of the holders of the proxies as to how to vote the shares, coupled with the fact that the proxies sought by Cendant are revocable, intended to relate solely to one transaction and expire upon the conclusion of the respective special meetings, makes it illogical to conclude that either holding or voting the proxies would give Cendant the power to direct or cause the direction of the management and policies of American Bankers.

This interpretation of the statutory definition of "control" is not undercut by the second sentence of A.R.S. ss. 20-481(3), which states that control is "presumed to exist if any person, directly or indirectly, owns, controls, holds with power to vote or holds proxies representing ten per cent or more of the voting securities of any other person." Properly interpreted, this presumption applies to proxies only if they are sufficiently broad to afford the proxy holder the ability to "direct or cause the direction of the management and policies" of an insurer, consistent with the definition of "control" in the first sentence of A.R.S. ss. 20-481(3).(1)

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(1) In other words, the second sentence of A.R.S. ss. 20-481(3) cannot be read in a vacuum, as AIG urges, but rather must be read in light of the first. The second sentence provides only a mathematical rule of thumb for determining whether control exists (in the form of a rebuttable presumption), but does not alter the fact that the type of control contemplated by the statute is control over the "management and policies" of an insurer. Thus, when the statute states that "hold[ing] proxies representing ten per cent or more" of the voting securities of the insurer is "presumed" to constitute control, it logically follows that, to reconcile the first and second sentences of the statute, the proxies must confer rights broad enough to allow the

AIG also oddly alleges that Cendant's Application was "defective" because the Application did not seek prior approval for the holding or voting of the proxies solicited from shareholders of American Bankers. However, A.R.S. ss. 20-481.02(A) requires regulatory approval only when a person makes "a tender offer for or a request or invitation for tenders of a voting security... or enter[s] into any agreement to exchange securities or seek[s] to acquire in the open market or any other place any voting security of a domestic insurer if, after the consummation thereof, such person would, directly or indirectly, by conversion or by the exercise of any right to acquire, be in control of such insurer." (Emphasis added).

Under that provision, even if the definition of "control" in A.R.S. ss. 20-481(3) applied to Cendant holding or voting the proxies, under these circumstances, the Form A filing requirement would not be triggered. The critical focus in determining whether a Form A filing is required is not properly based on an isolated invocation of the presumption of control language. Instead, as the filing requirement language clearly indicates, it is more properly based upon whether after the consummation of triggering action (which action does not refer to the holding or voting of a proxy but rather to the acquisition of "any voting security"), a party would have "control" as statutorily defined. Thus, even if Cendant is successful in obtaining a sufficient number of proxies in opposition to the Proposed AIG Merger, the voting of such proxies by Cendant would not result in Cendant obtaining control of American Bankers but in fact would result in no changes whatsoever in American Bankers' controlling persons. Accordingly, contrary to AIG's faulty analysis, Cendant is not required to file a Form A statement and obtain prior regulatory approval in order to solicit and vote proxies for the limited purpose of opposing the change of control contemplated by the Proposed AIG Merger.

If we were to extend AIG's short-sighted reasoning to its inevitable conclusion, then AIG's own solicitation of proxies in favor of the Proposed AIG Merger through its contractual arrangement with American Bankers would be subject to prior regulatory approval. In its merger agreement with AIG American Bankers contractually bound itself to use its "best efforts" to ensure the success of the merger with AIG. Thus, the three individuals soliciting proxies, R. Kirk Landon (American Bankers' Chairman

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proxy holder to direct the management and policies of the insurer, such as by voting for directors. The voting right of the proxy holder must be comparable to those enjoyed by an owner of shares. The proxies solicited by Cendant, which are limited solely to voting on the Proposed AIG Merger, fall well short of the expansive voting rights held by an owner of American Bankers' shares.

and Chief International Officer), Gerald N. Gaston (Vice-Chairman, President and Chief Executive Officer of American Bankers), and Arthur W. Heggen (American Bankers' Executive Vice President and Secretary), are obviously acting as agents for AIG as Messrs. Landon and Gaston have entered into a voting agreement with AIG wherein they 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 Merger and (ii) upon request, to grant AIG an irrevocable proxy with respect to such common shares. AIG, to the best of Cendant's knowledge, has not submitted a Form A application in connection with Messrs. Landon, Gaston and Heggen's proxy solicitation. Under AIG's own theory, not only would it be in violation of A.R.S. 20-481.02(A), but indeed, no person could ever solicit proxies from stockholders of an insurance company or insurance holding company without first obtaining regulatory approval for the solicitation itself, wholly apart from any additional regulatory approval that may be required of the underlying transaction being voted on. The ability of stockholders to work together in opposition to any management proposal would be completely eviscerated. The rights of minority shareholders, in particular, to address issues of concern would be unfairly curtailed even when solicitations by them would not be able to affect the management and policies of the insurance company.

Moreover, if the solicitation of proxies to maintain the current management of an insurance company or an insurance holding company in power were found to constitute actions that direct or cause the direction of the management and policies of an insurance company or insurance holding company, then virtually every vote on the election of directors of an insurance company or its holding company or on any number of other corporate initiatives of such entities would invoke the definition of "control" and require that a Form A application be filed and approved prior to each annual meeting. These types of actions are not what is contemplated by A.R.S. ss. 20- 481.02(A).

Our interpretation of A.R.S. ss.ss. 20-481(3) and 20-481.02(A) is further supported by the regulatory framework under which Form A filings are required. The list of a Form A's required contents, as set forth in A.R.S. ss. 20-481.03, makes it clear that the statute is intended to be triggered in connection with mergers, tender offers and comparable transactions in which shareholders give up control over the direction of an insurer, not where shareholders maintain control of the insurer by retaining its current management. The information required in a Form A application includes, for example:

- the source, nature and amount of the consideration used or to be used in effecting the tender offer, merger, or other acquisition of control;

- any plans or proposals that the party acquiring control may have to liquidate the insurer, to sell its assets, to merge or consolidate it with any person, or to make any other material change in its business or corporate structure or management; and

- the terms of the offer, request, invitation agreement or acquisition referred to in A.R.S. ss. 20-481.02(A) and a statement as to the method by which the fairness of the proposal was assessed.

A.R.S. ss. 20-481.03(A)(4), (6), (7). As applied here, it is difficult to see what the Department of Insurance would gain from the filing of a Form A with respect to the type of limited-purpose proxy solicitation made by Cendant or how the Department would apply the applicable regulatory standards governing acquisition of control filings. No consideration is being offered in connection with the proxy solicitation, and no "terms" exist to allow the Department to evaluate its "fairness." Similarly, Cendant - the entity allegedly seeking to acquire the so-called "control" - will, in actuality, have no control over American Bankers' operations as a result of the proxy solicitation. Certain persons will merely hold proxies, as directed by American Bankers' shareholders, with respect to the Proposed AIG Merger. In sum, requiring Cendant to file a Form A application would further no purpose under the statute.

While there are different types of proxies, some of which may be appropriately subject to prior regulatory approval, the holding and voting of proxies does not in every instance invoke the requirement of filing a Form A. Prior regulatory approval for the holding or voting of proxies would certainly be proper in a situation where a shareholder of an insurance company or an insurance holding company has pledged his or her stock to a third party and has given such third party an unrestricted and continuous proxy to vote the pledged stock in any manner and on any issue that the proxy holder in its discretion so chooses. However, in a situation such as ours, where the proxies at issue are extremely narrow in scope and revocable at any time, and where the appointed proxy holders must comply with the wishes of the shareholders and where, accordingly, Cendant would not have the power vote for the election of directors, and certainly not to direct or cause the direction of the management and policies of American Bankers - and hence would not by virtue of its holding or voting of the proxies "control" American Bankers - neither A.R.S. ss.ss. 20-481(3) nor 20-

481.02(A) requires filing of Form A application seeking approval of an acquisition of control.

As the only effect of the proxies at issue if Cendant were successful would be to preserve the status quo by retaining the current ownership and management structure of American Bankers, and the holding and voting of such proxies would not have any effect on the management or policies of American Bankers, the interests of American Bankers' policyholders are not at all implicated. Under these circumstances, prior approval -- in the absence of the fundamental rationales of regulating the exercise of control of a domestic insurance company and protecting the interests of policyholders -- also would be inconsistent with the federal securities laws governing the solicitation of proxies. See, e.g., NUI Corp. v. Kimmelman, 593 F. Supp. 1457, 1470 (D.N.J. 1984) (federal securities laws preempted state law requiring prior approval by state public utility commission of bidder's proxy solicitations, especially where incumbent management was not similarly restrained), rev'd on other grounds, 765 F.2d 399 (3d Cir. 1985); Gunter v. AGO International B.V., 533 F. Supp. 86, 89- 90 (N.D. Fla. 1981) (Williams Act preempted Florida insurance provisions which required prior approval by insurance department of tender offer securities purchases).

Indeed, the very issue raised by Cendant's proxy solicitation was decided by the United States District Court for the Middle District of Tennessee in Liberty National Life Insurance Co. v. Huddleston, No. 3:90-0368 (Wiseman, C.J.) (entered May 2, 1990) (copy enclosed). In Liberty National, the court held that the Tennessee Department of Commerce and Insurance's cease and desist order barring a limited proxy solicitation for votes in favor of election of 5 directors was an impermissible burden on shareholders' rights preempted by the Williams Act. The Liberty National court held that the Tennessee regulator was seeking to regulate the exercise of shareholder rights and not the business of insurance. The court stated "[t]he Tennessee Department of Commerce and Insurance does not possess the right to tell shareholders how they may vote, or whether they may vote their shares, in person or by proxy." The United States Court of Appeals for the Sixth Circuit refused to stay the trial court's order, holding that the Department of Commerce and Insurance was not likely to succeed on the merits of its appeal and that the trial court had "advanced persuasive reasons for [its] decision." Liberty Nat'l Life Ins. Co. v. Huddleston, No. 90-5598, slip op. at 5 (6th Cir. May 2, 1990) (copy enclosed). Certainly, the reasoning the court applied in Liberty National - where proxies were being solicited to replace a significant percentage of the board of directors - is applicable to Cendant's solicitation of proxies against any proposed change of management and control. As recognized by the Liberty National court, the Department may of course review any true change of

control such as the ultimate sale of American Bankers, and we acknowledge that Form A applications are the appropriate forum for that review. Such review -- unlike a restraint on the exercise of shareholder rights -- would be authorized for the protection of policyholders and the public and would not constitute an interference with the federal securities laws. A restraint on Cendant's proxy solicitation and the corresponding restraint on the exercise of shareholders rights, however, causes irreparable injury to the shareholders of American Bankers, a public company incorporated not in Arizona, but in Florida.

Finally, because Cendant will not control the American Bankers by virtue of its holding or voting proxies obtained in connection with the vote on the Proposed AIG Merger at the special meetings of the common and preferred shareholders of American Bankers pursuant to the Arizona statutes defining "control," we do not believe that a filing of a disclaimer of control is appropriate or necessary as intimated by AIG and do not intend to make such a filing.

Cendant has previously considered, and has carefully reconsidered in light of AIG's recent allegations and your advisory letter, the question of whether its proxy solicitation would trigger any regulatory approvals. Based on our analysis as set forth above, Cendant continues to believe that its proxy solicitation does not run afoul of A.R.S. ss. 20-481.02(A). Nevertheless, if the Department believes it appropriate, we hereby respectfully request that Cendant be granted an exemption from the Form A filing requirements of A.R.S. ss. 20-481.02(A) pursuant to A.R.S. ss. 20-481.11(A) and that the Department issue an Order of Exemption limiting the scope and use of the solicited proxies to the terms as set forth in the enclosed proxy card.

We ask that you carefully consider the arguments set forth in this letter and reconsider your advisory letter of yesterday. Additionally, and especially in light of the fact that Cendant was denied the opportunity to present its views before you issued that letter, Cendant respectfully requests that you withdraw that letter while reviewing Cendant's position as set forth herein. We further request an opportunity to meet with you and Messrs. Cohen and Torticill in the immediate future to discuss further the issues addressed in this letter.

I hope to hear from you shortly.

Sincerely,

/s/ Howard Ross Cabot

Howard Ross Cabot

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

VIA HAND DELIVERY

HRC:mam
Enclosures

Copy with enclosures to:

Charles R. Cohen, Deputy Director
Gary A. Torticill, Assistant Director
c/o Michael De La Cruz, Esq.
Assistant Attorney General
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

[OFFICE OF THE ATTORNEY GENERAL OF ARIZONA LETTERHEAD]

February 23, 1998

Howard Ross Cabot, Esq.
BROWN & BAIN, P.A.
2901 North Central Avenue
PO BOX 400
Phoenix, Arizona 85001-0400

RE: CENDANT CORPORATION'S PROXY SOLICITATION

Dear Mr. Cabot:

Thank you for your letter dated February 20, 1998. I have discussed your arguments with the Department and make the following response on their behalf.

First, it appears the disappointment you expressed may be, at least partly, attributable to misunderstanding. The Department has not reached any "judgment" in the matter. The Department was merely advising your client of its position based upon its review of the proxy materials. There are no procedural requirements the Department must comply with before issuing a letter advising of its position. The Department has not taken any action, and specifically requested your client's response to its advisory.

It appears you assume the Department has adopted AIG's interpretation of the proxy materials. That is not accurate. The Department's advisory was based upon its review of the proxy materials, and is consistent with the position it has taken in similar past scenarios.

The Department wishes to clarify its position as stated in its advisory. The Department stated that "to the extent of its impact upon the acquisition of control of the Arizona domiciled subsidiaries of ABIG we believe the proxy solicitation will constitute an agreement to acquire control of an insurer, within the meaning of A.R.S. Sections 20-481(3) and 20-481.02(A), in the event Cendant obtains proxies which provide it with power to vote 10% or more of ABIG's voting stock." More precisely, the Department meant that in the event Cendant obtains proxies which provide it with the power to vote 10% or more of ABIG's voting stock it will create a rebuttable presumption of control which leads to the conclusion that to the extent of its impact upon the acquisition of control of the Arizona domiciled subsidiaries of ABIG the

proxy solicitation will constitute an agreement to acquire control of an insurer within the meaning of A.R.S. Sections 20-481(3) and 20-481.02(A).

I hope you find the above clarifications of the Department's February 19, 1998 letter helpful.

We have carefully reviewed your February 20, 1998 letter. We believe Cendant's arguments merit serious consideration, particularly the point that Cendant will be required to vote the shares in accordance with the instructions of the holders of record. Therefore, the Department will reconsider its position as you request, prior to deciding whether to take any action in this matter.

Notwithstanding that the Department recognizes the existence of a legitimate controversy on the issue, in response to Cendant's statement that it does not intend to file a disclaimer of control pursuant to A.R.S. Section 20-481.18 we note that the presumption of control is triggered if any person "holds with the power to vote or holds proxies representing ten percent or more of the voting securities of any other person." This language may support an interpretation that the mere holding of the proxies raises the presumption of control even if the proxies must be voted in accordance with instructions, particularly in the absence of any controlling authority interpreting the provision. We believe Cendant's unwillingness to file a disclaimer under these circumstances may be overly principled. We do not believe it would prejudice Cendant's position that the presumption of control does not exist as a matter of law if it were to argue that, alternatively and/or for the same reasons, control does not exist in fact. Moreover, the Department has previously received and entertained disclaimers of control based on legal arguments. We do not understand why Cendant believes filing a disclaimer of control is inconsistent with its position that the proxy solicitation will not result in control.

You requested, on Cendant's behalf, an exemption from the Form A requirements pursuant to A.R.S. Section 20-481.11(A). That section relates to the requirements for an annual registration statement (Form B), not an application to acquire control (Form A). There is no provision for an exemption from applicable Form A requirements.

Finally, you requested a meeting with Chuck Cohen, Gary Torticill and me. Without intending any discourtesy, the Department believes you stated Cendant's position clearly and comprehensively in your letter and does not see the necessity of a meeting. We hope that after reviewing this response you agree.

Thank you again for your prompt response to my letter.

Sincerely,

/s/ Michael J. De La Cruz

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cc: Robert J. Sullivan, Esq.
Jeremy E. Butler, Esq.
Charles R. Cohen, Deputy Director
Gary A. Torticill, Assistant Director

MJD/ff/17763
CPA98-022

[CENDANT LOGO]

February 23, 1998

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

Honorable Gentlemen:

We write to respond to the letter dated February 11, 1998 that you received from American International Group, Inc. purporting to provide you with information about Cendant Corporation.

In this letter, we further respond to the baseless allegations that AIG has levelled against Cendant and its Chief Executive Officer, Henry Silverman, and

present more of the true facts which compel the conclusion that Cendant is well qualified to acquire control of ABIG. We have chosen to refrain from participating in any of the mud-slinging engaged in by AIG in its February 11 submission to you; however, we will be pleased to submit our detailed investigation of AIG to you, if appropriate. We trust you will find it highly illuminating.

A. Cendant's Balance Sheet Is Solid:
AIG's Attacks on Cendant
Are Outrageous, False and Meritless

AIG's efforts to falsely portray Cendant as an "inexperienced, under-capitalized, over-leveraged" company are in direct conflict with the facts and the recent views expressed by Goldman Sachs, AIG's own financial advisor, and by Salomon Smith Barney, the financial advisor to ABIG.

Here's what Goldman's analyst had to say about Cendant, his number one stock pick, just one day before AIG submitted its letter:

- "By focusing exclusively on high growth, high margin consistent consumer and business services with a high percentage of recurring revenues and modest capital expenditure needs, Cendant has created one of the best business models we have come across . . . ." [2-10-98 report (emphasis added)]*

- "Growth opportunities are significant with the tremendous synergies and expanded marketing capabilities between the two merged companies [CUC/HFS]." [Id.]

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* Referenced documents are located in the Appendix to Cendant's Letter of February 23, 1998.

- "We point out management has consistently delivered better than expected results, and Cendant is a cash flow machine, currently generating $1.3 billion in free cash annually and an expected return on equity . . . above 25%." [Id.]

- "There are very few [other] 25% growth stories on the market with the liquidity of $31 billion market cap that are insulated from the Asian economic crisis." [Id.]

- "The branded consumer dominance and earnings consistency makes Cendant attractive. . . ." [Id.]

- "All in all, we believe that Cendant has the recurring revenue potential, unit growth opportunities, and positive industry dynamics to allow it to sustain top-line growth." [Id.]

Although ABIG now claims that it lacks sufficient information to evaluate Cendant, blaming its ignorance on "provisions of the AIG Merger Agreement" that flatly prohibit the ABIG Board of Directors from "assess[ing] several aspects of the Cendant Offer" (2/6/98 Schedule 14D-9 at 4), ABIG's investment adviser Salomon Smith Barney has had no such problem. Indeed, it has been as ecstatic as Goldman Sachs on the subject of Cendant:

- "We continue to believe that the combined CUC/HFS (Cendant) will represent a unique combination of an enormously powerful financial model married to a set of growing, potentially highly synergistic businesses." [8-14-97 report]

- "We would be aggressive buyers of HFS shares. . . ." [Id.]

- "We remain bullish on this [CUC/HFS] merger . . . [T]he Company's financial position remains extraordinary, with strong cash generation.

We continue to view CUC as an exciting growth company, with ongoing upside earnings potential." [12/3/97 report]

The unabashed exuberance of Goldman Sachs and Salomon Smith Barney is entirely rational. Cendant is a large, successful and financially strong company. It has a market capitalization in excess of $33 billion, making Cendant one of the 100 largest companies in the U.S. It also has an established reputation as (i) a leading provider of consumer services, with brands such as Avis, the world's largest car rental franchising company; through Century 21, Coldwell Banker and ERA, the world's largest franchised real estate brokerage operations; through Ramada, Howard Johnson, Super 8, Days Inn and Travelodge hotels, the world's largest hotel franchisor; and through RCI, the premier timeshare-exchange service provider, and (ii) an established provider of financial services, with Cendant's PHH Mortgage subsidiary, the largest inbound telemarketing mortgage originator in the country.

Cendant also has an established history of issuing common equity and securities convertible into common equity to maintain a conservative financial structure. Cendant has book equity of $4.4 billion as of December 31, 1997, and does not pay common dividends. Most recently, in January 1998, Cendant filed a shelf registration statement with the SEC for up to $4 billion in equity and debt

securities, not only debt securities as AIG conveniently and erroneously asserts in its letter, and intends to complete the placement of more than $1 billion in capital securities this week, further indicating its access to the capital market.

Contrary to the false impression AIG attempts to create, Cendant will use, and is committed to using, its considerable financial strength to maintain and enhance American Bankers' financial strength. Assuming the successful completion of the tender offer, American Bankers' insurance subsidiaries will be a separate, statutory insurance subsidiary of Cendant.

Because of Cendant's strong cash flow (more than $1 billion annually in each of the last three years) and minimal capital expenditures (less than 4% of revenues annually), Cendant will have no need to dividend cash or other assets out of American Bankers to Cendant. Moreover, American Bankers will be able both (i) to retain its internally generated funds and (ii) to draw upon the vast financial resources of Cendant for additional capital, should the need arise.

Against this backdrop, it becomes crystal clear that AIG's accusations impugning Cendant's financial strength are not supported by any factual basis and are an insult to the intelligence of the members of your Department.

B. The Cendant Balance Sheet
is Not "Over-Leveraged"

AIG's letter incorrectly suggests that Cendant has a "highly over-leveraged balance sheet." In reality, Cendant's credit ratios are very strong, as shown in the following table:

	CENDANT - 1997	A AVG.*	AA AVG.**
Free cash flow/debt	1.2x	0.2x	0.4x
EBITDA/interest	24.2x	9.2x	14.7x
Pretax income/interest	19.8x	6.5x	10.6x
Debt/total capital (12-31-97)	22.9%	38.1%	30.5%

AIG's analysis of Cendant's 9-30-97 financial data shamelessly distorts Cendant's situation by conveniently neglecting to take into account Cendant's substantial cash and marketable securities balances. AIG's pseudo-accounting also is disingenuous because it flies in the face of fundamental tenets of credit analysis. While AIG cites a ratio of indebtedness to common equity of 52.6% as of September 30, 1997, the appropriate measure is the ratio of net indebtedness -- i.e., debt less cash and cash equivalents and marketable securities -- to common equity, which was 26.3% as of the same date. Even more helpful is the ratio of net indebtedness to

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* Average of S&P A-rated companies.
** Average of S&P AA-rated companies.

total capital (net debt plus equity), which for Cendant is only 20.8% as of September 30, 1997. The net indebtedness analysis is particularly appropriate as such cash and securities could be, and in fact have been, used to reduce Cendant's outstanding indebtedness. Furthermore, since more than half of Cendant's currently outstanding indebtedness is convertible into common equity, and such common equity is at prices significantly beneath the current market price of the common stock (i.e., is deeply "in the money"), the ratios shown above will improve over time as such debt is converted into common equity.

AIG also compares Cendant's ratio of debt-to-equity to that of a number of insurance companies, only two of which have a market capitalization as high or higher than Cendant, and claims that Cendant's "leverage would be at the highest end of leverage." What AIG ignores, however, is that insurance companies in general have a lower ratio of debt-to-equity than other companies as a result of the additional leverage they incur by having substantial obligations to policyholders. As an example, AIG's obligations to policyholders at September 30, 1997 were in excess of 340% of AIG's equity on the same day. Thus, with an insightful rather than misleading look at Cendant's financials, one can clearly see that Cendant has a conservative, not a highly leveraged, balance sheet.

Cendant not only lacks excessive leverage, it also generates tremendous free cash flow, estimated by Wall Street at $1.3 billion in 1998. This produces coverage ratios two to three times those of other similarly rated companies. And, with a ratio of free cash flow to debt of 1.24 times, if Cendant were to apply its cash flow to debt reduction, it would be capable of repaying all of its outstanding indebtedness in less than one year. Given this tremendous interest coverage (24x in 1997), AIG's contention that American Bankers will be subjected to cash withdrawals to support Cendant's debt is absurd.

Under the circumstances, it is not surprising to find that Cendant has strong investment-grade ratings from both S&P (single-A) and Moody's (A3). Other companies with similar ratings include the following:

INDUSTRIAL COMPANIES	
Chrysler Corp.	A/A3
Texas Instruments	A/A3
Lucent Technologies	A/A2
INSURANCE COMPANIES	
W.R. Berkley	A/A3
Aetna, Inc.	A/A2
Hartford Life	A/A2
CIGNA	A/A3

These are blue-chip companies and high-quality insurers, while AIG would have you believe they are "highly over-leveraged."

It also bears noting that, as illustrated in Exhibit 13, at least seven of the country's largest credit insurers are owned by non-insurance holding companies that have an S&P credit rating of single-A or lower. This has in no way prevented the affiliated insurance entities from retaining A.M. Best ratings of A or A+. Among these holding companies are General Motors and Ford. Apparently, in AIG's jaundiced view, these venerable corporations have credit ratings which make them unfit to run and operate insurance companies.

As Standard & Poor's has previously written, "With modest debt levels, strong free cash flow, and cash balances of over $1 billion, credit measures are very strong for the rating." (S&P CreditWeek, Aug. 13, 1997) And, subsequent to the announcement of Cendant's bid to acquire American Bankers, S&P said, "Cendant's financial policy remains moderate, its profitability continues to be strong, and its balance sheet and credit measures are in line with the rating, even on a pro forma basis if they are successful in their bid." (S&P CreditWeek, Feb. 4, 1998)

C. Cendant's Business Is Not Substantially Cyclical

It is highly ironic for AIG to suggest that Cendant has "exposure to substantial cyclical risks" when it is AIG, not Cendant, that faces significant exposure from the Asian economic crisis. In all events, the assertion is plainly incorrect. Indeed, having evaluated the combination of HFS and CUC in detail, S&P demol-

ishes AIG's contention, having written: "The characteristics of HFS's business that contribute to its above average business position are the relative stability and predictability of cash flows, low capital intensity and resulting strong free cash flow production, along with its lack of tangible asset exposure. The CUC model is similar, although its software division [only 5% of Cendant's 1998 revenues] presents additional risks and challenges. The combination with CUC presents numerous opportunities to increase revenue and cash flow, primarily through direct marketing of CUC's many products to HFS's large captive customer base. Still, while many cross marketing opportunities exist, Standard & Poor's currently views HFS [now Cendant] as a fairly broad portfolio of profitable and growing individual business units, each having a relatively low degree of business risk." (S&P CreditWeek, Aug. 13, 1997 (emphasis added))

Moody's expressed the same sentiments. It has said that Cendant's "focus on franchising stabilizes cash flow throughout the economic cycle. Since its royalty and fee stream is linked to revenues and it has no real estate exposure, its earnings are less sensitive to the economic downturns that impact hotels and housing." (Moody's Credit Perspectives, Dec. 22, 1997 (emphasis added))

D. AIG's References to "Negative Tangible Net Worth" Are Highly Misleading

AIG's references to Cendant having negative tangible net worth refer to a misleading calculation. There is no doubt that, over time, Cendant has used its resources to purchase intangible assets, rather than only fixed assets. What is important, though, is that the assets purchased have tremendous value in that they generate substantial cash flow. Cendant believes that there is enormous value to its long-term franchise agreements with hotel operators and real estate brokerages, its right to use brand names such as Avis, Ramada, Days Inn, Howard Johnson, Super 8, Travelodge and RCI, and its millions of membership-based relationships with individuals around the world. This is the business model that Cendant has successfully employed for many years, generating growth both internally and through acquisitions that are accretive to earnings and cash flow.

AIG attempts to confuse the issues and mislead your Department by alternatively -- and inconsistently -- ignoring or distorting GAAP accounting concepts to suit its own purposes. But AIG's efforts to impugn Cendant's accounting are way off base given that Cendant's financial statements have been reviewed and/or approved by the SEC and two "Big Six" accounting firms without any suggestion of improper accounting treatment. And while AIG attempts to create the impression that Cendant's GAAP financial statements somehow reflect financial weakness or

instability, it is clear that when properly analyzed, GAAP accounting concepts in no way undermine Cendant's financial strength.

Under purchase accounting, the present value of future payments under franchise contracts (and the renewal thereof) is capitalized on the balance sheet. As a result, the more than $900 million franchise contracts "intangible" on the balance sheet really represent contractual obligations by franchisees to make payments to Cendant (effectively a receivable). Cendant's contractual rights to receive payments from its franchisees are real assets with tremendous value. These franchise contracts vary in length from five to twenty years and cannot be terminated by the franchisee without the payment of sizable liquidated damages. In 1997, franchise contracts in force generated over $800 million in payments to Cendant. In 1998, Cendant's contracts in force as of 1/31/98 will generate over $900 million. The length, stability and high cash flow generated by these contracts all contribute to the earnings stability that each major credit rating agency cites in awarding Cendant its single A investment grade rating. Once these assets are appropriately considered, Cendant's "tangible" net worth as of 12/31/97 is over $1.1 billion. Including goodwill and other "intangibles" -- which reflect the value of trademarks and ongoing business operations -- Cendant's net worth is more than $4 billion. Cendant believes that this book equity figure, when considered in conjunction with

the Company's $33+ billion market equity value, provides a more accurate picture of Cendant's financial position and wherewithal.

Cendant's true financial position and the tremendous cash flow its assets generate also do away with AIG's misleading assertion that "[a]n insurance holding company can't contribute negative tangible net worth to its insurance subsidiaries. Claims can't be paid out of intangible assets." Leaving aside the fact that Cendant does not have negative net worth, there is nothing that prevents a holding company that continually generates large amounts of excess cash from contributing such cash to its subsidiaries, regardless of how AIG calculates the holding company's "tangible net worth."

Furthermore, over the period 1987 to 1997, ABIG has paid out more cash as dividends than it has raised equity by selling common stock. (Exhibit 14) At the same time, ABIG's gross collected premiums have grown from $862.0 million to $2.74 billion. Thus, ABIG has been more than able to supply its own growth capital over an extended period of time. However, were ABIG to need a capital infusion, Cendant's annual cash generation of over $1.3 billion in 1998 would be more than adequate to supply any additional cash.

E. Intangible Assets Do Not Make
Cendant Vulnerable to Business Downturns

AIG has argued that Cendant's "high level of intangible assets . . . makes Cendant unusually vulnerable to business downturns." This assertion is untrue and illogical.

As discussed above, rating agencies who have studied Cendant carefully have concluded that its business model provides significant insulation from business cycles. Moreover, given the nature of Cendant's intangible assets (e.g., franchise contracts and valuable intellectual property), there is no reason to believe such assets would be more vulnerable to business downturns than tangible assets like property, plant, equipment and inventory.

According to Moody's, AIG's "fears" are unfounded: "The ratings of Cendant's subsidiaries, CUC and HFS, recognize the high recurring revenues and strong cash flow of their businesses, the modestly leveraged consolidated balance sheet, and their established track records in building new businesses based on membership programs, brand franchising, and preferred vendor alliances. The ratings also incorporate analysts' expectations that Cendant will maintain a financially prudent approach to funding its active acquisition strategy." (Moody's Credit Perspectives, Dec. 22, 1997)

F. The Acquisitions Consummated by Cendant
Have Been Conservative and Will Continue To Be So

AIG has argued that "if acquisitions [by Cendant] continue, risk increases." Cendant and the rating agencies disagree. In reviewing the merger of HFS and CUC, Standard & Poor's wrote: "With combined revenues exceeding $4 billion, acquired operations are expected to provide increased diversification and potential synergies . . . ." (S&P CreditWeek, June 4, 1997) Cendant also believes that its prudent acquisition strategy -- acquiring complementary businesses in transactions that are accretive to earnings and cash flow -- permits it to diversify its revenue sources, strengthen its market position and enhance shareholder value. Such a strategy will tend both to reduce the risk inherent in the business and maintain access to sources of equity capital. This has been the proven track record for years, and AIG's gratuitous predictions of potential problems ahead are untrue and entirely insincere.

G. Cendant Has Ample Relevant
Experience To Run ABIG

Although AIG charges that Cendant has "limited experience in the insurance industry," there is no dispute that Cendant has been approved by insurance regulators in New York and Colorado, and there can be no real doubt that Cendant has had more than enough relevant experience to successfully run and expand

ABIG's business. In this connection, it merits emphasis that ABIG is primarily a marketing company that distributes insurance products on a wholesale basis through financial institutions to the ultimate consumer. As recently explained by one analyst:

> "American Bankers is not truly an insurer. Heavy emphasis on contingent commission and captive reinsurance plans helps to preserve the company's margins, mitigate volatility, and ensure highly visible earnings. Because of such plans, ABIG is not so much an insurer but a distribution company servicing an insurance product." [8-15-96 report of The Chicago Corporation (first emphasis in original)].

Cendant, of course, has unsurpassed experience in marketing and distributing products, the core business of ABIG, certainly much more so than AIG. As a result, cost savings can be achieved given that Cendant mails and direct markets more than any other company and through a highly technologically sophisticated computer system. On the revenue side of the equation, Cendant plans to sell ABIG's products through Cendant's channels, and plans to sell Cendant products through American Bankers' channels. While AIG attempts to ignore the relevance of Cendant's direct marketing business, American Bankers' 1996 Annual Report shows that "American Bankers leads all other insurance companies in third-party direct marketing and is ranked fifth overall on a list of 36 leading insurance direct marketers." Because the businesses of Cendant and American Bankers overlap, and because Cendant will keep on American Bankers' management to run the ABIG

business, the potential for synergies is obvious, and Cendant's ability to realize them is unquestionable. In contrast, AIG has virtually no direct marketing experience and, according to publicly available records, writes little or no premium in the lines Credit, Credit Life and Credit A&H.*

H. AIG's Attacks on Cendant and Henry Silverman Are Unwarranted

AIG has attempted, through baseless accusations, to malign a whole company, including its chairman, management team, and board of directors on which such luminaries as Leonard S. Coleman and The Rt. Hon. Brian Mulroney sit. With respect to AIG's opinions regarding Mr. Silverman's alleged "record," AIG has presented a highly distorted picture in an effort to create issues where none exist. In that connection, it merits emphasis that the "events" raised by AIG are entirely irrelevant in that they revisit ancient history, involving matters 10, 15 and 20 years old. More importantly, no wrongdoing was ever alleged, much less established, against Mr. Silverman. With this context, we note the following:

- In the 1980's, Mr. Silverman worked at Days Inns at the behest and under the direction of the chain's ultimate owner, Reliance Group Holdings whose affiliates, among other things, are licensed through

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* We note that for all the purported "concerns" expressed in its letter, AIG has not hesitated to lease a substantial portion of its corporate fleet of 1500 automobiles from Cendant and obtain a variety of related services for virtually the entire fleet from Cendant. In fact, AIG just recently switched all its fleet from General Electric Corporation to Cendant.

subsidiaries to conduct insurance business in all 50 states except Massachusetts. Mr. Silverman left Days Inns in November of 1989, two years before it filed for bankruptcy. During that ensuing two-year period after his departure, material significant events such as the Gulf War, the recession and the collapse of the high-yield bond market resulted in a significant reduction in domestic travel and the ability to refinance maturing high yield corporate debt and thus had a significant impact on Days Inns' performance.

- The other Days Inns transactions referenced by AIG were, as AIG concedes in its letter, fully disclosed in filings with the SEC and were undertaken while Days Inns was a closely held company.

- As to alleged "decreases in quality of the lodging operations as a result of Cendant's franchising strategy" (Compl. P. 25(g)), an "Overall Image Summary" conducted by D.K. Shifflet & Associates, Ltd. for 1994-1996 shows that the quality in service for Ramada and Howard Johnson has increased during such chains' ownership by Cendant.

- Although AIG suggests that there is something nefarious about Mr. Silverman's former affiliation with Blackstone Capital Group's Capital Partners, it conveniently fails to mention that Maurice Greenberg is a member of the Advisory Board of The Blackstone Group and that AIG or an affiliate is an investor in the Blackstone Capital Partners fund.

- The management group that ran Amre prior to and at the time it filed for bankruptcy was already in place when HFS made its investment in the corporation, and established its licensor-licensee relationship. HFS played no role in the selection of the Amre management group. HFS had only a 2% equity interest and had three non-management directors on Amre's ten-person board of directors. (Hardly a controlling position.) HFS lost all of its investment along with the rest of the Amre stockholders and also lost substantially all of the license fees payable to it.

- John Blair & Co., later renamed Telemundo Group, Inc., entered bankruptcy proceedings 3 1/2 years after Mr. Silverman left the company.

- With regard to the ERISA litigation, AIG conveniently fails to disclose that the District Court, which decided the case based on a stipulation of facts, explicitly noted that plaintiffs "do not allege any deliberate misconduct or improper delay on the part of defendants in carrying out their duties," and that the "issues raised are of statutory duty and not of overreaching." The John Blair Communications, Inc. Profit Sharing Plan et al. v. Telemundo Group, Inc. Profit Sharing Plan et al., 816 F. Supp. 949, 950 (S.D.N.Y. 1993). The District Court further found that "Plaintiffs have not shown and do not even allege that the delay in transferring the assets was either undue or intentional." 816 F. Supp. at 952. Indeed, the District Court found in favor of the defendants. The Second Circuit, in reversing, observed that the failure to transfer the investment gains issue was "one of first impression in this Circuit and appears not to have been addressed elsewhere." The John Blair Communications, Inc. Profit Sharing Plan et al. v. Telemundo Group, Inc. Profit Sharing Plan et al., 26 F.3d 360, 364 (2d Cir. 1994). It should also be noted that the matters at issue were technical and legal in nature and that the defendants, including Henry Silverman, were represented by Dewey Ballantine LLP, counsel to American Bankers Insurance Group, Inc.

- Neither Mr. Silverman nor Cendant avoids regulated industries. Cendant continues to do business in the regulated insurance and mortgage areas, and has obtained regulatory approvals in New York, Colorado and Florida.

* * *

In sum, all of AIG's charges are baseless and a red-herring designed to deflect attention from the serious and troubling issues surrounding AIG, its shareholders and managers, and its significantly lower bid to acquire American

Bankers. The plain and true facts concerning Cendant establish that it is well qualified to acquire and manage the business of ABIG.

CENDANT CORPORATION

/s/ Henry R. Silverman

Henry R. Silverman
President and Chief Executive Officer

cc: Maurice R. Greenberg
(c/o Richard H. Klapper, Esq.)
R. Kirk Landon
(c/o Robert C. Myers, Esq.)