



Fortis to acquire American Bankers Insurance Group for USD \$2.6 billion

Brussels/Utrecht/Miami, 8 March 1999 - Fortis, the international insurance, banking and investment group, and American Bankers Insurance Group, Inc., one of the two leading U.S. credit-related insurers, today announced that they have entered into a definitive agreement for Fortis to acquire 100 percent of the outstanding common and preferred shares of American Bankers Insurance Group, Inc. (NYSE: ABI). For each share of American Bankers Insurance Group ("ABI") common stock, Fortis will pay USD 55 in cash, representing a 19 percent premium to the closing price of common stock on March 5, 1999, and for each share of preferred stock, Fortis will pay USD 109.857 in cash, valuing ABI at USD 2.6 billion. Fortis will also assume USD 194 million of outstanding debt of ABI. The transaction is expected to be immediately accretive to Fortis' earnings per share on an unleveraged basis and will enhance its overall earnings growth rate.

The transaction will create a leading specialty insurer in the US by combining ABI with American Security Group ("ASG"), Fortis' credit insurance subsidiary based in Atlanta. Similar to ASG, ABI specializes in providing credit-related insurance products in the US and Canada. ABI is also active in Latin America, the Caribbean and the United Kingdom. The combined company will have annual gross premium earned of USD 3.6 billion.

The acquisition of ABI adds complementary products and distribution channels, particularly through the credit operations of major retailers and consumer-oriented financial institutions. Increased earnings stability in these businesses will be achieved from diversity of channels, products and customers. Furthermore, significant synergies will result from the integration of both organizations' operating and corporate structures and cross selling over their combined distribution network.

Allen Freedman, chief executive officer of Fortis, Inc., Fortis' U.S. holding company, said, "The combination of American Bankers Insurance Group and American Security Group strengthens our leadership position in a well-defined, attractive specialty market that both companies know well and in which we have separately made major strides. Our businesses are highly complementary, have similar business processes and share a common, customer-centered focus."

"The combination will allow us to increase the number of channels through which we market our credit insurance products. It will broaden product lines, enhance cross-selling opportunities and promote the application of database marketing capabilities to a broader range of customers and array of channels. In Europe and Asia, Fortis will be able to open new growth opportunities for the combined company. For these reasons, this is a winning transaction for both organizations, and we look forward to working closely together to serve our customers in the U.S. and abroad," Freedman said.

Henjo Hielkema, vice chairman of Fortis' Executive Committee and chairman of Fortis' Insurance Group, said "This transaction will double the size of Fortis' insurance operations in the United States and significantly enhance the scope of our insurance operations worldwide. It is also consistent with Fortis' strategy to concentrate on a limited number of highly profitable and growing specialty businesses in the United States. Not only is the transaction immediately accretive to earnings per share, but we expect it will generate more than USD 100 million of pre-tax annual synergies from operating efficiencies and scale economies within three to five years."

Gerald N. Gaston, president and chief executive officer of American Bankers Insurance Group, said, "The combination will benefit American Bankers Insurance Group through the global scale, depth of resources and new growth opportunities from our combined operations. This transaction is a positive outcome for our employees, customers and shareholders. We look forward to concluding it as quickly as possible and joining with Fortis to better meet our customers' needs."

Mr. Freedman will continue as chairman of Fortis' US operations. The combined business will report to Edward J. O'Hare, executive vice president of Fortis, Inc. and former chairman of ASG. Mr. O'Hare will become president and chief executive officer of the combined entity and remain a member of the Fortis, Inc. Executive Committee. Mr. Gaston will work with Mr. Freedman and other senior Fortis, Inc. executives through the transition, after which he will retire. Mr. Gaston will, however, continue on a consulting basis with Fortis, Inc.

The transaction has been approved by the Boards of Directors of both companies, and is subject to customary closing conditions, including regulatory approvals, as well as the approval of ABI's shareholders. The transaction is not subject to financing. Fortis has sufficient resources to complete the transaction, and expects to refinance it with a combination of internally generated funds and capital raised in the international financial markets. Closing of the transaction is expected to take place in the third quarter of 1999.

Certain officers and directors of ABI holding approximately 7.5 percent of the outstanding common stock have agreed to vote in favor of the merger. Furthermore, the Merger Agreement provides under certain circumstances for Fortis to receive up to USD

100 million, pursuant to a breakup fee and an option to purchase 19.9 percent of ABI common stock.

Fortis has been advised by Donaldson, Lufkin & Jenrette and Warburg Dillon Read. American Bankers Insurance Group has been advised by Salomon Smith Barney.

Fortis

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