SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) March 6, 1996
(December 31, 1995)

ATLANTIC AMERICAN CORPORATION
(Exact name of registrant as specified in its charter)

Georgia	0-3722	58-1027114
(State or other of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

4370 PEACHTREE ROAD, N.E., ATLANTA, GEORGIA 30319
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (404) 266-5500

None
(Former name, former address and former fiscal year, if changed since last report)

Item 7. Financial Statements and Exhibits.

Item 7 of the Form 8-K of Atlantic American Corporation dated January 12, 1996, is hereby amended in its entirety as follows:

(a) Financial Statements of Business Acquired:

The following financial statements of American Southern Insurance Company ("American Southern") for the years ended December 31, 1994, 1993, and 1992 are included in this Report as Exhibit (99.4):

-- Consolidated Balance Sheets.

-- Consolidated Statements of Income.

-- Consolidated Statements of Stockholder's Equity.

-- Consolidated Statements of Cash Flows.

-- Notes to Consolidated Financial Statements.

(b) Pro Forma Financial Information:

The following pro forma financial statements of Atlantic American Corporation ("Atlantic American") are included in this Report as Exhibit (99.5):

- -- Pro Forma Combined Condensed Balance Sheet as of September 30, 1995 (unaudited).

- -- Pro Forma Combined Condensed Statement of Income for the year ended December 31, 1994 (unaudited).

- -- Pro Forma Combined Condensed Statement of Income for the nine-month period ended September 30, 1995 (unaudited).

(c) Exhibits:

(99.4) American Southern financial statements for the years ended December 31, 1994, 1993, and 1992.

(99.5) Atlantic American pro forma financial statements (unaudited).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC AMERICAN CORPORATION
(Registrant)

Date: March 6, 1996

By: /s/
John W. Hancock
Senior Vice President-Treasurer
(Principal Financial Officer)

By: /s/
John C. Hall, Jr.
Corporate Controller
(Principal Accounting Officer)

Exhibit 99.4

FINANCIAL STATEMENTS OF BUSINESS ACQUIRED

AMERICAN SOUTHERN INSURANCE COMPANY

Consolidated Financial Statements

American Southern Insurance Company

Years ended December 31, 1994, 1993 and 1992
with Report of Independent Auditors

American Southern Insurance Company

Consolidated Financial Statements

Years ended December 31, 1994, 1993 and 1992

Contents

Report of Independent Auditors

Board of Directors
American Southern Insurance Company

We have audited the accompanying consolidated balance sheets of American Southern Insurance Company and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Southern Insurance Company and subsidiaries at December 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, in 1994 the Company changed its method of accounting for certain investments in debt and equity securities to comply with Statement of Financial Accounting Standards No. 115 and, in 1993, the Company changed its method of accounting for income taxes to comply with Statement of Financial Accounting Standards No. 109 and reinsurance to comply with Statement of Financial Accounting Standards No. 113.

Atlanta, Georgia
February 23, 1995,
except for Note 10, as
to which the date is
January 18, 1996

American Southern Insurance Company

Consolidated Balance Sheets

	December 31 1994	1993
	(In Thousands, Except Share Amounts)	
Assets		
Investments (Notes 1 and 4)	$57,497	$56,069
Cash and cash equivalents	6,111	8,315
Premiums receivable, less allowance ($200 in 1994 and $10 in 1993)	2,972	2,555
Reinsurance receivables (Note 5)	13,039	9,689
Deferred policy acquisition costs	1,429	1,311
Deferred income taxes (Note 3)	1,917	826
Other assets	1,749	1,531
Intangibles, principally goodwill, less accumulated amortization ($562 in 1994 and $386 in 1993)	6,063	5,239
Total assets	$90,777	$85,535
Liabilities and stockholder's equity Liabilities:		
Unpaid losses and loss adjustment expenses (Note 7)	$37,826	$32,847
Unearned premiums	13,476	11,799
Commissions and other payables	3,541	3,434
Reinsurance payables	1,451	1,289
Accrued income taxes payable (Note 3)	462	364
	56,756	49,733
Total liabilities		
Stockholder's equity (Note 6):		
Common stock, par value $10 per share - authorized and issued 300,000 shares at December 31, 1994 and 1993	3,000	3,000
Additional paid-in-capital	27,911	26,911
Net unrealized investment (losses) gains	(1,969)	330
Retained earnings	5,079	5,561
Total stockholder's equity	34,021	35,802
Total liabilities and stockholder's equity	$90,777	$85,535

See accompanying notes.

American Southern Insurance Company

Consolidated Statements of Income

	Year ended December 31 1994	1993	1992
	(In Thousands)		
Revenues:			
Net earned premiums	$36,989	$39,253	$37,250
Net investment income	3,780	4,023	3,708
Net realized investment gains	8	103	225
Total revenues	40,777	43,379	41,183
Costs and expenses:			
Losses and loss adjustment expenses	25,599	27,016	25,162
Commission and underwriting expenses	9,104	9,923	9,420
Amortization of intangibles	176	188	162
Total costs and expenses	34,879	37,127	34,744
Income before federal income taxes and cumulative effect of accounting change	5,898	6,252	6,439
Income taxes:			
Current	1,704	1,430	2,340
Deferred	(124)	235	(443)
	1,580	1,665	1,897
Net income before cumulative effect of accounting change	4,318	4,587	4,542
Cumulative effect of the change in accounting method (Note 1)	-	83	-
Net income	$4,318	$4,670	$4,542

See accompanying notes.

American Southern Insurance Company

Consolidated Statements of Stockholder's Equity

	Year ended December 31 1994	1993	1992
	(In Thousands)		
Common stock:			
Balance at beginning of year	$ 3,000	$ 2,000	$ 2,000
Stock dividend	-	1,000	-
Balance at end of year	$ 3,000	$ 3,000	$ 2,000
Additional paid-in capital:			
Balance at beginning of year	$26,911	$26,911	$25,911
Increase in purchase price	1,000	-	1,000
Balance at end of year	$27,911	$26,911	$26,911
Net unrealized investment (losses) gains:			
Balance at beginning of year	$ 330	$ 38	$ -
Unrealized (losses) gains on investments	(3,548)	292	38
Change in investment balances as a result of SFAS 115 (Note 1)	1,249	-	-
Balance at end of year	$(1,969)	$ 330	$ 38
Retained earnings:			
Balance at beginning of year	$ 5,561	$ 2,491	$ 2,749
Net income	4,318	4,670	4,542
Stock dividend	-	(1,000)	-
Dividends to stockholder	(4,800)	(600)	(4,800)
Balance at end of year	$ 5,079	$ 5,561	$ 2,491
Total stockholder's equity	$34,021	$35,802	$31,440

See accompanying notes.

American Southern Insurance Company

Consolidated Statements of Cash Flows

	December 31 1994	1993	1992
	(In Thousands)		
Operating activities			
Net income	$ 4,318	$ 4,670	$ 4,542
Adjustments:			
Depreciation and amortization	309	395	124
Net realized investment gains	(8)	(103)	(225)
Cash flows from trading securities	(174)	-	-
Changes in assets and liabilities:			
Net premiums receivable	(417)	(158)	1,417
Reinsurance receivable	(3,350)	(48)	(709)
Deferred policy acquisition costs	(118)	185	(265)
Unpaid losses and loss adjustment expenses	4,979	492	3,125
Unearned premiums reserves	1,677	(1,002)	3,149
Other liabilities	318	753	(2,687)
Other, net	(413)	(5)	(508)
Net cash provided by operating activities	7,121	5,179	7,963
Investing activities			
Sales and maturities of investments	46,302	26,582	34,428
Purchases of investments	(50,827)	(29,250)	(46,285)
Net cash used in investing activities	(4,525)	(2,668)	(11,857)
Financing activities			
Dividends paid	(4,800)	(2,400)	(3,000)
Net cash used in financing activities	(4,800)	(2,400)	(3,000)
(Decrease) increase in cash and cash equivalents	(2,204)	111	(6,894)
Cash and cash equivalents, beginning of year	8,315	8,204	15,098
Cash and cash equivalents, end of year	$ 6,111	$ 8,315	$ 8,204

See accompanying notes.

1. Significant Accounting Policies

Organization

American Southern Insurance Company (the "Company"), which was purchased October 10, 1991, is a wholly-owned subsidiary of Vista Resources, Inc. (the "Parent" or "Vista") and is domiciled in Georgia. The Company has three wholly-owned subsidiaries: American Safety Insurance Company ("American Safety"), Automated Systems of Georgia, Inc. ("Automated Systems"), and Automobile Safety Management, Inc. The Company sells various forms of property/casualty insurance with an emphasis on commercial automobile coverages. Several large fleets constitute a significant portion of premiums written. American Safety writes a minimal amount of business, primarily commercial auto. Automated Systems is engaged in premium financing, while Automobile Safety Management, Inc. has only minimal activity and writes no insurance.

Basis of Preparation

The accounts of American Southern Insurance Company are presented in conformity with generally accepted accounting principles which vary from reporting practices prescribed or permitted by insurance regulatory authorities. All significant intercompany accounts have been eliminated.

Cash and Cash Equivalents

Short-term investments, which include investments with maturities of less than three months at the date of acquisition, are included in cash and cash equivalents and are carried at cost which approximates fair value. The amount of short-term investments included in cash and cash equivalents is $5,442,000 and $7,370,000 in 1994 and 1993, respectively.

Investments

Investments available-for-sale and trading securities are carried at their fair values. Investments held-to-maturity are carried at amortized cost. Unrealized gains and losses on investments available-for-sale are recorded, net of estimated taxes, as a component of stockholder's equity. Realized gains and losses on all investments, including provisions for market declines not considered to be temporary, are included in the determination of net income.

1. Significant Accounting Policies (continued)

Investments (continued)

The Company's investment portfolio is not significantly concentrated in any particular industry or geographic location.

Premium Income

Premiums are presented net of reinsurance premiums ceded during the period. Premiums written are recognized as income over the terms of the related policies when earned. Accordingly, unearned premiums represent the portion of net premiums written applicable to the unexpired terms of policies in force, calculated on a monthly pro rata basis.

Deferred Policy Acquisition Costs

Acquisition costs, consisting of commissions and other underwriting expenses which vary with, and are directly related to, the production of new business, are deferred and amortized over the period in which the related premiums are earned. Acquisition costs to be deferred are subject to a limitation representing the excess of anticipated earned premiums over anticipated losses, loss adjustment expenses and maintenance costs. Anticipated investment income is considered in determining if a premium deficiency related to short-term contracts exists. Amortization of deferred policy acquisition costs for 1994 was $4,413,000, for 1993, $4,913,000 and for 1992, $4,791,000.

Unpaid Losses and Loss Adjustment Expenses

The estimated liability for unpaid losses and loss adjustment expenses is based upon: (a) management's estimate of ultimate liability and claim adjusters' evaluations for unpaid claims reported prior to the close of the accounting period, (b) estimates of incurred but not reported claims based on past experience, (c) estimates of loss adjustment expenses, and (d) reductions for estimated amounts of reinsurance and salvage and subrogation recoverable. The estimated liability is continually reviewed and updated, and changes to the estimated liability are recorded in the statement of income in the year in which such changes are known.

1. Significant Accounting Policies (continued)

Goodwill

The excess of the purchase price over the net assets acquired as a result of the acquisition of the Company by Vista is classified as goodwill and is amortized using the straight-line method over forty years.

Depreciation

Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets.

Accounting Changes

Effective January 1, 1994, American Southern Insurance Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). In accordance with SFAS 115, prior period financial statements have not been restated to reflect the change in accounting principle. The cumulative effect on net income as of January 1, 1994 of adopting SFAS 115 for investments which previously were classified as held-to-maturity and are now classified as trading securities was immaterial. The balance of stockholder's equity as of January 1, 1994 was increased by $1,249,000, net of income taxes, to reflect the net unrealized gains on investments previously classified as held-to-maturity which are now classified as available-for-sale. Certain reclassifications have been made to the 1993 financial statements to conform with the 1994 presentation.

Effective January 1, 1993, American Southern Insurance Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). This statement requires an asset and liability approach for financial accounting and reporting of income taxes. Under this approach, deferred income taxes are recognized for the estimated taxes ultimately payable or recoverable based on enacted tax law. Changes in enacted tax rates are reflected in the tax provision as they occur. As permitted by SFAS 109, American Southern Insurance Company elected not to restate the financial statements of prior years. The effect of the change on net income was not material; the cumulative effect of the change increased net income for the year ended December 31, 1993 by $83,000.

1. Significant Accounting Policies (continued)

Accounting Changes (continued)

In addition, the Company adopted Statement of Financial Accounting Standards No. 113 ("SFAS 113"), Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts in 1993. SFAS 113 eliminates reporting amounts for reinsured contracts net of the effects of reinsurance. SFAS 113 requires that reinsurance receivables and prepaid reinsurance premiums be reported as assets and establishes conditions required for a contract with a reinsurer to qualify for reinsurance accounting. Contracts that do not result in the possibility that the reinsurer may realize significant gain or loss from the insurance risk assumed are accounted for as deposits. The adoption of SFAS 113 did not affect income before the cumulative effect of the changes in accounting methods or net income.

Financial Instruments

Statement of Financial Accounting Standards No. 107 ("SFAS 107"), "Disclosures about Fair Value of Financial Instruments," requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. SFAS 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented in the footnotes to these financial statements do not represent the underlying value of American Southern Insurance Company.

2. Retirement Plan

During 1993 and 1992, American Southern Insurance Company had a non-contributory defined benefit pension plan which covered substantially all of its employees. Effective January 1, 1994, the plan was amended to remove the highly compensated employees and to freeze the accrued benefits of the highly compensated employees as of

2. Retirement Plan (continued)

December 31, 1988. The provisions of the plan continue to cover all other eligible participants in 1994. Assets of the plan consist principally of money market funds and U.S. Government and agency securities. The policy is to fund pension costs accrued. Benefits are based on years of service and the employee's compensation.

Reconciliation of the funded status of the plan is presented below:

	December 31 1994	December 31 1993
	(Dollars in Thousands)	
Accumulated benefits obligations:		
Vested	$1,248	$1,469
Nonvested	17	15
Total	$1,265	$1,484
Projected benefit obligation	$1,752	$2,355
Fair value of plan assets	2,193	2,192
Plan assets in excess of (less than) projected benefit obligation	441	(163)
Unrecognized net transition obligation and prior service costs	(491)	18
Unrecognized net loss	254	306
Prepaid pension cost included in other assets on the accompanying balance sheet	$ 204	$ 161

2. Retirement Plan (continued)

The net periodic pension cost for 1994, 1993 and 1992 was as follows:

	Year ended December 31 1994	1993	1992
	(Dollars in Thousands)		
Service cost (benefits earned during period)	$ 82	$ 72	$ 65
Interest cost on projected benefit obligation	136	156	143
Actual return on plan assets	(10)	(130)	(98)
Net amortization and deferral	(191)	(23)	(48)
	$ 17	$ 75	$ 62

The weighted-average discount rates and rates of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations were 8.0% and 6.0%, respectively in 1994 and 7.25% and 6.0%, respectively in 1993. The expected long-term rate of return on assets was 8.0%.

The Company also sponsors a noncontributory profit sharing plan which covers substantially all officers and employees. Profit sharing distributions are based on a pre-determined formula based on annual operating results. The amount of profit sharing expense recorded for the years ended December 31, 1994, 1993 and 1992 was approximately $889,000, $964,000 and $944,000, respectively.

3. Income Taxes

The Company's Federal income tax return is consolidated with the Parent. The method of allocation between the companies is subject to a written agreement, which is approved by the Board of Directors, and is based on separate return calculations. Intercompany tax balances are settled quarterly. In the event taxable losses are incurred by the Company, amounts are received to the extent that losses are offset against taxable income on the consolidated Federal income tax return.

3. Income Taxes (continued)

Effective January 1, 1993, American Southern Insurance Company changed its method of accounting for income taxes from the deferred method to the liability method required by SFAS 109. As permitted under the new rules, prior years' financial statements have not been restated.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of American Southern Insurance Company's deferred income tax assets are as follows:

	December 31 1994	December 31 1993
	(Dollars in Thousands)	
Deferred income tax assets:		
Discount loss reserve	$ 722	$ 757
Unearned premium reserve	916	736
Deferred acquisition cost	(486)	(446)
Unrealized investment losses	852	-
Other	(87)	(221)
Deferred income tax assets, net	$1,917	$ 826

The deferred income tax asset is net of a valuation reserve of $84,000 which was established at December 31, 1994 and is related to unrealized investment losses.

Federal income taxes of $1,611,000, $1,079,000 and $3,571,800 were paid in 1994, 1993 and 1992, respectively.

3. Income Taxes (continued)

The provisions for income taxes differ from the amounts computed by applying the U.S. Federal income statutory tax rates as follows:

	Year ended December 31		
	1994	1993	1992
Statutory rate	34.0%	34.0%	34.0%
Dividend credits	(2.2)	(2.3)	(1.3)
Tax-exempt interest	(5.9)	(4.9)	(3.7)
Write-off of intangibles	1.0	1.0	.9
Other	(.1)	(1.2)	(.4)
	26.8%	26.6%	29.5%

4. Investments

Following is a summary of investments at December 31, 1994 (in thousands):

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Balance Sheet Amount
December 31, 1994 Available-for-sale:					
Preferred stocks	$ 7,952	$ -	$ 699	$7,253	$7,253
Debt securities issued by state and political subdivisions	21,350	55	1,005	20,400	20,400
Debt securities issued by the U.S. Treasury and other U.S. Government corporations and agencies	26,152	9	1,163	24,998	24,998
Corporate debt securities	851	108	4	955	955
	$56,305	$172	$2,871	$53,606	$53,606
Held-to-maturity:					
Debt securities issued by state and political subdivisions	$ 1,713	$ 1	$ 85	$1,629	$1,713
Debt securities issued by the U.S. Treasury and other U.S. Government corporations and agencies	1,440	1	58	1,383	1,440
Corporate debt securities	100	-	15	85	100
	$ 3,253	$ 2	$ 158	$3,097	$3,253
Trading securities:					
Preferred stocks	$ 638	$ -	$ -	$ 638	$ 638

4. Investments (continued)

At December 31, 1993, the amortized cost, unrealized gains and losses (before Federal income tax effect) and estimated market values of investments in debt securities held as assets were as follows (in thousands):

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Balance Sheet Amount
December 31, 1993					
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$36,544	$ 160	$232	$36,472	$36,544
Obligations of states and political subdivisions	17,748	1,871	-	19,619	17,748
Corporate debt securities	988	182	-	1,170	988
	$55,280	$2,213	$232	$57,261	$55,280

4. Investments (continued)

The reconciliation of debt securities to the accompanying consolidated balance sheet at December 31, 1993 is as follows (in thousands):

Bonds	$47,910
Short-term investments	7,370
Total debt securities	$55,280

Investments:	
Bonds	$47,910
Preferred stock	8,159
Total investments	$56,069

Cash and cash equivalents:	
Cash	$ 945
Short-term investments	7,370
Total cash and cash equivalents	$8,315

Investments in securities at December 31, 1993 are as follows (in thousands):

	Cost or Amortized Cost	Estimated Market	Balance Sheet Amount
Bonds	$47,910	$49,891	$47,910
Preferred stock	7,829	8,159	8,159
Short-term investments (included in cash and cash equivalents)	7,370	7,370	7,370
	$63,109	$65,420	$63,439

4. Investments (continued)

The proceeds from sales of available-for-sale and maturities of held-to-maturity securities were $46,302,000 for 1994. Gross realized gains and (losses) on sales of available-for-sale securities were $566,000 and $(435,000) for 1994. Cost is determined by specific identification for purposes of calculating realized gains and losses. There were no transfers of securities to or from the available-for-sale or trading categories during 1994. There have been no sales of securities classified as held-to-maturity during 1994.

Proceeds from sales of investments in debt securities held as assets during 1993 were $23,654,000 and during 1992 were $33,949,000. Gross realized gains on sales of debt securities in 1993 were $80,000 and in 1992 were $275,000. Gross realized losses were $37,000 in 1993 and were $50,000 in 1992.

Gross unrealized gains (less losses) for debt securities increased $1,686,000 and decreased $778,000 for 1993 and 1992, respectively. Gross unrealized gains (less losses) for equity securities increased $292,000 and $38,000 for 1993 and 1992, respectively.

The fair values of investment securities (including preferred stock) are based on quoted market prices.

4. Investments (continued)

The amortized cost and estimated fair value of debt securities at December 31, 1994, by contractual maturities, are shown below (in thousands). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	December 31, 1994	
	Cost or Amortized Cost	Estimated Fair Value
Available-for-sale:		
Due in one year or less	$ 250	$ 250
Due after one year through five years	25,804	24,750
Due after five years through ten years	100	90
Due after ten years	22,199	21,263
	48,353	46,353
Preferred stocks	7,952	7,253
Total available-for-sale	$56,305	$53,606

	Cost or Amortized Cost	Estimated Fair Value
Held-to-maturity:		
Due in one year or less	$ 200	$ 200
Due after one year through five years	1,914	1,856
Due after five years through ten years	100	86
Due after ten years	1,039	955
Total held-to-maturity	$3,253	$3,097

4. Investments (continued)

Gross investment income for 1994 from the various types of securities is summarized as follows:

	Year ended December 31, 1994
Available-for-sale:	
Preferred stocks	$ 604
Debt securities issued by state and political subdivisions	1,119
Debt securities issued by the U.S. Treasury and other U.S. Government corporations and agencies	1,451
Corporate debt securities	73
	3,247
Held-to-maturity:	
Debt securities issued by state and political subdivisions	86
Debt securities issued by the U.S. Treasury and other U.S. Government corporations and agencies	102
Corporate debt securities	6
	194
Trading securities:	
Preferred stocks	54
	$3,495

4. Investments (continued)

Major categories of investment income from securities for the years ended December 31 are summarized as follows (in thousands):

	1993	1992
Bonds	$2,823	$2,866
Preferred stock	695	425
	$3,518	$3,291

Net investment income per the accompanying consolidated statement of income includes short-term investment income and other income.

At December 31, 1994 and 1993, bonds and short-term investments with an amortized cost of $3,253,000 and $2,722,000, respectively, were on deposit with various state insurance departments to meet regulatory requirements.

5. Reinsurance Ceded and Assumed

In the ordinary course of business, certain premiums and benefits are assumed from and ceded to other insurance companies under various reinsurance agreements. The ceding agreements principally provide American Southern Insurance Company with increased capacity to write larger risks. Reinsurance contracts do not relieve American Southern Insurance Company from its obligation to its policyholders; accordingly, to the extent that any reinsuring company should be unable to meet its obligations under the existing reinsurance agreements, American Southern Insurance Company would be liable for such defaulted amounts.

To minimize its exposure to significant losses from reinsurer insolvencies, American Southern Insurance Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers. At December 31, 1994 and December 31, 1993, reinsurance receivables of $13,039,000 and $9,689,000, respectively, were associated with a single reinsurer. Total reinsurance recoveries in 1994, 1993 and 1992 were $8,527,000 and $5,144,000 and $4,569,000, respectively.

5. Reinsurance Ceded and Assumed (continued)

The effect of reinsurance on premiums written and earned in 1994, 1993 and 1992 was as follows (in thousands):

Year ended December 31

	1994 Premiums		1993 Premiums		1992 Premiums	
	Written	Earned	Written	Earned	Written	Earned
Direct	$20,793	$21,344	$25,949	$25,758	$26,705	$25,902
Assumed	23,532	21,304	17,519	18,712	18,659	16,313
Ceded	(5,659)	(5,659)	(5,217)	(5,217)	(4,965)	(4,965)
Net premiums	$38,666	$36,989	$38,251	$39,253	$40,399	$37,250

6. Statutory Net Worth

American Southern Insurance Company prepares statutory financial statements in accordance with accounting practices prescribed or permitted by the State of Georgia Insurance Department. "Prescribed" statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC) as well as state laws, regulations and general administrative rules. American Southern Insurance Company has not been required nor has it sought written approval for accounting for a transaction which differs from prescribed accounting practices.

"Permitted" statutory accounting practices encompass all accounting practices that are not prescribed; such practices may differ from state to state, from company to company within the state, and may change in the future. The NAIC is currently in the process of codifying statutory accounting practices, the result of which is expected to constitute the only source of "prescribed" statutory accounting practices.

The Company and its insurance subsidiary had statutory net worth totaling $25,928,000, $26,641,000 and $24,025,000 at December 31, 1994, 1993 and 1992, respectively. Consolidated statutory net income was $4,613,000, $5,249,000; and $4,731,000 for 1994, 1993 and 1992, respectively.

6. Statutory Net Worth (continued)

The Company exceeded its minimum capital and surplus requirements at December 31, 1994. Additionally, payment of dividends, unless approved by the insurance commissioner, is limited to the greater of 10% of statutory net worth or net income, excluding realized capital gains, of the preceding year. Dividends paid by American Southern Insurance Company to Vista were $4,800,000, $2,400,000 and $3,000,000 in 1994, 1993 and 1992, respectively.

7. Liability for Losses and Loss Adjustment Expenses

Activity in the liability for losses and loss adjustment expenses ("LAE") is summarized as follows:

	Year ended December 31 1994	1993	1992
	(000's omitted)		
Liability for losses and LAE at beginning of year, net of reinsurance recoverables	$22,573	$20,767	$19,327
Provision for losses and LAE for claims occurring in the current year, net of reinsurance	29,601	30,541	27,022
Decrease in estimated losses and LAE for claims occurring in prior years, net of reinsurance	(4,002)	(3,525)	(1,860)
Total	25,599	27,016	25,162
Losses and LAE payments for claims occurring during:			
Current year	13,701	15,072	13,637
Prior years	11,105	10,139	10,085
Total paid, net of reinsurance	24,806	25,211	23,722
Liability for losses and LAE at end of year, net of reinsurance	23,366	22,572	20,767
Reinsurance receivables	13,039	9,689	9,641
Drafts outstanding	1,421	586	1,947
Liability for losses and LAE at end of year, gross	$37,826	$32,847	$32,355

8. Leases

The Company leases office space under a noncancellable operating lease expiring in 2000, subject to escalation based on the lessor's expenses. Future minimum lease payments are as follows:

Year ended December 31,	
1995	$ 202,600
1996	204,000
1997	204,000
1998	204,000
1999 and thereafter	221,000
Total	$1,035,600

Rental expense for the years ended December 31, 1994, 1993 and 1992 was $195,485, $172,303 and $185,200, respectively.

9. Commitments and Contingencies

The Company is party to pending or threatened lawsuits arising from the normal conduct of its business. Due to the climate in insurance and business litigation, suits against the Company sometimes include substantial additional claims for consequential damages, punitive damages and other similar types of relief. While it is not possible to forecast the outcome of such litigation, it is the opinion of management that the disposition of such lawsuits will not have a materially adverse effect on the Company's financial position or results of operations.

10. Subsequent Event

On December 31, 1995, the Company was sold to Atlantic American Corporation.

PRO FORMA FINANCIAL INFORMATION

PRO FORMA FINANCIAL INFORMATION
(Unaudited)

The following unaudited pro forma condensed financial information has been prepared to reflect the December 31, 1995 acquisition of 100% of the outstanding common shares of American Southern Insurance Company ('American Southern"). The pro forma information is presented as if the acquisition, accounted for as a purchase, had taken place at the beginning of the periods presented, after giving effect to the pro forma adjustments described below. The pro forma information is not necessarily indicative of the financial position or results of operations that would have occurred had the acquisition taken place at the beginning of such periods. This information should be read in conjunction with the audited consolidated financial statements and the notes thereto of Atlantic American Corporation ("Atlantic American"), included in Atlantic American's Form 10-K for the year ended December 31, 1994 and the audited financial statements of American Southern, included elsewhere herein.

The pro forma combined balance sheet as of September 30, 1995 combines the balance sheets of Atlantic American as of September 30, 1995, and American Southern as of September 30, 1995. Pro forma adjustments applied to the historical financial statements include the following:

(a) Reflects the acquisition costs by Atlantic American for the purchase of American Southern.

(b) Reflects excess of purchase price over market value of assets.

(c) Reflects debt used to acquire American Southern.

The pro forma combined statement of income for the year ended December 31, 1994 combines the operations of Atlantic American for the year ended December 31, 1994 and American Southern for the year ended December 31, 1994. The pro forma combined statement of income for the nine month period ended September 30, 1995 combines the operations of Atlantic American for the nine month period ended September 30, 1995 and American Southern for the nine month period ended September 30, 1995. Pro forma adjustments applied to the historical financial statements include the following:

(a) Reflects an increase in interest expense on funds incurred for the acquisition.

(b) Reflects the amortization of goodwill.

(c) Reflects Atlantic American's tax sharing agreement with its subsidiaries.

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
PRO FORMA COMBINED BALANCE SHEET
09/30/95
(Unaudited)

(In thousands)

	Actual			
	Atlantic American Corporation	American Southern Insurance Co.	Pro Forma Adjustments	Pro Forma Combined
ASSETS				
Cash, including short-term investments	$ 8,975	$ 9,708	$ (236) (a)	$ 18,447
Investments	105,853	59,408	-	165,261
Receivables:				
Reinsurance	12,766	10,884	-	23,650
Other	11,875	9,944	-	21,819
Deferred acquisition costs	13,220	2,331	-	15,551
Other assets	2,900	1,420	-	4,320
Goodwill	-	-	3,058 (b)	3,058
Net assets of discontinued operations	4,569	-	-	4,569
Total assets	$160,158	$93,695	$2,822	$256,675
LIABILITIES AND SHAREHOLDERS' EQUITY				
Insurance reserves and policy funds	$ 91,577	$59,765	$ -	$151,342
Accounts payable and accrued expenses	5,735	2,752	-	8,487
Long-term debt	4,594	-	34,000 (c)	38,594
Long-term debt payable to affiliates	19,733	-	-	19,733
Minority interest	1,210	-	-	1,210
Total liabilities	122,849	62,517	34,000	219,366
Commitments and contingencies Shareholders' equity:				
Preferred stock	3,000	-	-	3,000
Other equity	34,309	31,178	(31,178)	34,309
Total shareholders' equity	37,309	31,178	(31,178)	37,309
Total liabilities and shareholders' equity	$160,158	$93,695	$ 2,822	$256,675

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
PRO FORMA COMBINED STATEMENT OF INCOME
For the Year Ended 12/31/94

(In thousands, except per share data)

	Actual			
	Atlantic American Corporation	American Southern Insurance Co.	Pro Forma Adjustments	ProForma Combined
		(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
Insurance premiums	$41,701	$36,989	$ -	$ 78,690
Investment income	6,628	3,844	-	10,472
Realized investment gains, net	870	8	-	878
Total revenue	49,199	40,841	-	90,040
Benefits and expenses:				
Insurance benefits and losses incurred	21,955	25,599	-	47,554
Commissions and underwriting expenses	13,355	9,105	-	22,460
Interest expense	1,968	-	2,499 (a)	4,467
Other	5,404	-	243 (b)	5,647
Total benefits and expenses	42,682	34,704	2,742	80,128
Income before income tax benefit, (expense)	6,517	6,137	(2,742)	9,912
Income tax benefit, (expense)	546	(1,615)	1,717 (c)	648
Income from continuing operations	7,063	4,522	(1,025)	10,560
Income from discontinued operations	2,207	-	-	2,207
Income before extraordinary gain	9,270	4,522	(1,025)	12,767
Extraordinary gain	100	-	-	100
Net income	$ 9,370	$4,522	$(1,025)	$12,867
Operating results per common share:				
Continuing operations	$.37			$.56
Discontinued operations	.12			.12
Extraordinary gain	NIL			NIL
Net income per common share	$ .49			$.68

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
PRO FORMA COMBINED STATEMENT OF INCOME
For the Nine Months Ended 09/30/95
(Unaudited)

(In thousands, except per share data)

	Actual			
	Atlantic American Corporation	American Southern Insurance Co.	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Insurance premiums	$32,000	$29,533	$ -	$61,533
Investment income	4,830	2,985	-	7,815
Realized investment gains, net	1,441	203	-	1,644
Total revenue	38,271	32,721	-	70,992
Benefits and expenses:				
Insurance benefits and losses incurred	19,043	21,794	-	40,837
Commissions and underwriting expenses	11,000	6,896	-	17,896
Interest expense	1,690	-	2,157 (a)	3,847
Other	4,380	-	153	4,533
Total benefits and expenses	36,113	28,690	2,310	67,113
Income before income tax (expense), benefit	2,158	4,031	(2,310)	3,879
Income tax (expense), benefit	(9)	(972)	917 (c)	(64)
Income from continuing operations	2,149	3,059	(1,393)	3,815
Income from discontinued operations	(4,384)	-	-	(4,384)
Net (loss) income	($2,235)	$ 3,059	$(1,393)	$ (569)
Operating results per common share:				
Continuing operations	$.10			$.19
Discontinued operations	(.23)			(.23)
Net loss per common share	($.13)			$(.04)