

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-3722

ATLANTIC AMERICAN CORPORATION

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of incorporation or organization)

58-1027114
(I.R.S. Employer Identification No.)

4370 Peachtree Road, N.E.,
Atlanta, Georgia
(Address of principal executive offices)

30319
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	AAME	NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The total number of shares of the registrant's Common Stock, \$1 par value, outstanding on July 31, 2021 was 20,410,763.

TABLE OF CONTENTS

Part I. Financial Information

Item 1.	Financial Statements:	2
	Condensed Consolidated Balance Sheets as of and June 30, 2021 December 31, 2020	2
	Condensed Consolidated Statements of Operations for the three months and six months ended June 30, 2021 and 2020	3
	Condensed Consolidated Statements of Comprehensive Income for the three months and six months ended June 30, 2021 and 2020	4
	Condensed Consolidated Statements of Shareholders' Equity for the three months and six months ended June 30, 2021 and 2020	5
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2021 and 2020	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 4.	Controls and Procedures	23

Part II. Other Information

Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	24
Item 6.	Exhibits	24
	Signatures	25

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ATLANTIC AMERICAN CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (Dollars in thousands, except share data)

	Unaudited June 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	\$ 9,532	\$ 19,319
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost: \$232,141 and \$222,461)	257,808	254,106
Equity securities, at fair value (cost: \$4,833 and \$6,393)	21,903	18,716
Other invested assets (cost: \$3,765 and \$3,765)	3,117	3,238
Policy loans	1,920	1,975
Real estate	38	38
Investment in unconsolidated trusts	1,238	1,238
Total investments	<u>286,024</u>	<u>279,311</u>
Receivables:		
Reinsurance	29,149	29,086
Insurance premiums and other (net of allowance for doubtful accounts: \$199 and \$198)	29,505	27,512
Deferred income taxes, net	347	—
Deferred acquisition costs	38,462	39,611
Other assets	8,923	7,804
Intangibles	2,544	2,544
Total assets	<u>\$ 404,486</u>	<u>\$ 405,187</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Insurance reserves and policyholder funds:		
Future policy benefits	\$ 88,351	\$ 90,872
Unearned premiums	35,022	27,131
Losses and claims	81,473	79,147
Other policy liabilities	1,027	1,526
Total insurance reserves and policyholder funds	<u>205,873</u>	<u>198,676</u>
Accounts payable and accrued expenses	22,500	26,412
Deferred income taxes, net	—	1,301
Junior subordinated debenture obligations, net	33,738	33,738
Total liabilities	<u>262,111</u>	<u>260,127</u>
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Preferred stock, \$1 par, 4,000,000 shares authorized; Series D preferred, 55,000 shares issued and outstanding; \$5,500 redemption value	55	55
Common stock, \$1 par, 50,000,000 shares authorized; shares issued: 22,400,894; shares outstanding: 20,410,763 and 20,415,243	22,401	22,401
Additional paid-in capital	57,439	57,437
Retained earnings	49,714	47,790
Accumulated other comprehensive income	20,277	25,000
Unearned stock grant compensation	(150)	(284)
Treasury stock, at cost: 1,990,131 and 1,985,651 shares	<u>(7,361)</u>	<u>(7,339)</u>
Total shareholders' equity	<u>142,375</u>	<u>145,060</u>
Total liabilities and shareholders' equity	<u>\$ 404,486</u>	<u>\$ 405,187</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue:				
Insurance premiums, net	\$ 45,133	\$ 46,499	\$ 91,223	\$ 92,049
Net investment income	2,266	1,850	4,379	3,889
Realized investment gains, net	50	—	171	249
Unrealized gains (losses) on equity securities, net	4,003	1,355	4,747	(7,100)
Other income	5	33	12	60
Total revenue	<u>51,457</u>	<u>49,737</u>	<u>100,532</u>	<u>89,147</u>
Benefits and expenses:				
Insurance benefits and losses incurred	31,703	27,076	64,975	60,659
Commissions and underwriting expenses	12,179	10,854	24,743	23,480
Interest expense	347	414	693	890
Other expense	3,474	3,112	6,914	6,064
Total benefits and expenses	<u>47,703</u>	<u>41,456</u>	<u>97,325</u>	<u>91,093</u>
Income (loss) before income taxes	3,754	8,281	3,207	(1,946)
Income tax expense (benefit)	792	1,749	676	(391)
Net income (loss)	2,962	6,532	2,531	(1,555)
Preferred stock dividends	(100)	(100)	(199)	(199)
Net income (loss) applicable to common shareholders	<u>\$ 2,862</u>	<u>\$ 6,432</u>	<u>\$ 2,332</u>	<u>\$ (1,754)</u>
Earnings (loss) per common share (basic)	<u>\$ 0.14</u>	<u>\$ 0.31</u>	<u>\$ 0.11</u>	<u>\$ (0.09)</u>
Earnings (loss) per common share (diluted)	<u>\$ 0.14</u>	<u>\$ 0.30</u>	<u>\$ 0.11</u>	<u>\$ (0.09)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited; Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 2,962	\$ 6,532	\$ 2,531	\$ (1,555)
Other comprehensive income (loss):				
<u>Available-for-sale fixed maturity securities:</u>				
Gross unrealized holding gain (loss) arising in the period	7,940	19,997	(5,807)	9,117
Related income tax effect	(1,668)	(4,200)	1,219	(1,915)
Subtotal	6,272	15,797	(4,588)	7,202
Less: reclassification adjustment for net realized gains included in net income (loss)	(50)	—	(171)	(249)
Related income tax effect	11	—	36	52
Subtotal	(39)	—	(135)	(197)
Total other comprehensive income (loss), net of tax	6,233	15,797	(4,723)	7,005
Total comprehensive income (loss)	\$ 9,195	\$ 22,329	\$ (2,192)	\$ 5,450

The accompanying notes are an integral part of these condensed consolidated financial statements.

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited; Dollars in thousands except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Preferred stock:				
Balance, beginning of period	\$ 55	\$ 55	\$ 55	\$ 55
Balance, end of period	55	55	55	55
Common stock:				
Balance, beginning of period	22,401	22,401	22,401	22,401
Balance, end of period	22,401	22,401	22,401	22,401
Additional paid-in capital:				
Balance, beginning of period	57,438	57,777	57,437	57,820
Restricted stock grants, net of forfeitures	—	(333)	—	(377)
Issuance of 999 and 2,741 shares, as of 2021 and 2020, respectively, under stock plans	1	(9)	2	(8)
Balance, end of period	57,439	57,435	57,439	57,435
Retained earnings:				
Balance, beginning of period	46,852	27,834	47,790	36,020
Net income (loss)	2,962	6,532	2,531	(1,555)
Dividends on common stock	—	—	(408)	—
Dividends accrued on preferred stock	(100)	(100)	(199)	(199)
Balance, end of period	49,714	34,266	49,714	34,266
Accumulated other comprehensive income:				
Balance, beginning of period	14,044	1,667	25,000	10,459
Other comprehensive income (loss), net of tax	6,233	15,797	(4,723)	7,005
Balance, end of period	20,277	17,464	20,277	17,464
Unearned Stock Grant Compensation:				
Balance, beginning of period	(217)	(584)	(284)	(781)
Restricted stock grants, net of forfeitures	—	(37)	—	61
Amortization of unearned compensation	67	155	134	254
Balance, end of period	(150)	(466)	(150)	(466)
Treasury Stock:				
Balance, beginning of period	(7,338)	(7,632)	(7,339)	(7,580)
Restricted stock grants, net of forfeitures	—	370	—	316
Net shares acquired of 5,479 and 5,902 in 2021 and 2020, respectively related to employee share-based compensation plans	(24)	(10)	(24)	(10)
Issuance of 999 and 2,741 shares, as of 2021 and 2020, respectively, under stock plans	1	11	2	13
Balance, end of period	(7,361)	(7,261)	(7,361)	(7,261)
Total shareholders' equity	\$ 142,375	\$ 123,894	\$ 142,375	\$ 123,894
Dividends declared on common stock per share	\$ —	\$ —	\$ 0.02	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; Dollars in thousands)

	Six Months Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 2,531	\$ (1,555)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Amortization of (additions to) acquisition costs, net	1,149	(287)
Realized investment gains, net	(171)	(249)
Unrealized (gains) losses on equity securities, net	(4,747)	7,100
Compensation expense related to share awards	134	254
Depreciation and amortization	510	503
Deferred income tax benefit	(393)	(2,693)
Increase in receivables, net	(14,734)	(6,078)
Increase in insurance reserves and policyholder funds	7,197	2,805
Decrease in accounts payable and accrued expenses	(4,112)	(393)
Other, net	(1,250)	1,151
Net cash (used in) provided by operating activities	<u>(13,886)</u>	<u>558</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investments sold	14,546	7,448
Proceeds from investments matured, called or redeemed	7,064	3,031
Investments purchased	(17,018)	(7,411)
Additions to property and equipment	(65)	(160)
Net cash provided by investing activities	<u>4,527</u>	<u>2,908</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividends on common stock	(408)	—
Proceeds from shares issued under stock plans	4	5
Treasury stock acquired — net employee share-based compensation	(24)	(10)
Net cash used in financing activities	<u>(428)</u>	<u>(5)</u>
Net (decrease) increase in cash and cash equivalents	(9,787)	3,461
Cash and cash equivalents at beginning of period	19,319	12,893
Cash and cash equivalents at end of period	<u>\$ 9,532</u>	<u>\$ 16,354</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 697</u>	<u>\$ 944</u>
Cash paid for income taxes	<u>\$ 2,602</u>	<u>\$ —</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ATLANTIC AMERICAN CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited; Dollars in thousands, except per share amounts)

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Atlantic American Corporation (the “Parent”) and its subsidiaries (collectively with the Parent, the “Company”). The Parent’s primary operating subsidiaries, American Southern Insurance Company and American Safety Insurance Company (together known as “American Southern”) and Bankers Fidelity Life Insurance Company and Bankers Fidelity Assurance Company (together known as “Bankers Fidelity”), operate in two principal business units. American Southern operates in the property and casualty insurance market, while Bankers Fidelity operates in the life and health insurance market. All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for audited annual financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. The unaudited condensed consolidated financial statements included herein and these related notes should be read in conjunction with the Company’s consolidated financial statements, and the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 Annual Report”). The Company’s financial condition and results of operations and cash flows as of and for the three and six month periods ended June 30, 2021 are not necessarily indicative of the financial condition or results of operations and cash flows that may be expected for the year ending December 31, 2021 or for any other future period.

The Company’s significant accounting policies have not changed materially from those set out in the 2020 Annual Report, except as noted below for the adoption of new accounting standards.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

On March 11, 2020, the World Health Organization declared the Novel Coronavirus (“COVID-19”) outbreak a global pandemic. The impact of COVID-19 and related actions to attempt to control its spread began to impact the Company’s business operations in March 2020, and we expect that the pandemic, actions that have been or will be taken in response to it and its overall impact on the economy, will continue to have an effect on our business operations and our operating results. The Company’s insurance subsidiaries may experience difficulties collecting premiums from some policyholders, and policyholders with financial difficulties may decide not to renew insurance policies with the Company. Although the ultimate impact cannot be predicted with certainty at this time, the Company’s insurance subsidiaries do not expect a direct material impact from the outbreak of COVID-19 in terms of increased claims and losses, but that may change as more information becomes available. In addition, economic uncertainty related to COVID-19 has led to, and may continue to create, increased volatility in the investment markets. The impact of COVID-19 on the economy and on the Company continues to evolve and its future effects are uncertain. The Company continues to monitor the effects and risks of COVID-19 to assess its impact on the Company’s business, financial condition, results of operations, liquidity and capital position.

Note 2. Recently Issued Accounting Standards

Adoption of New Accounting Standards

Income Taxes – Simplifying the Accounting for Income Taxes. In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”). This updated guidance is intended to simplify the accounting for income taxes by removing several exceptions contained in existing guidance and amending other existing guidance to simplify several other income tax accounting matters. The updated guidance is effective for interim and annual reporting periods beginning after December 15, 2020, although earlier adoption is permitted. The Company adopted ASU 2019-12 as of January 1, 2021. The adoption of this ASU did not have an impact on the Company’s consolidated financial statements.

Future Adoption of New Accounting Standards

For more information regarding accounting standards that the Company has not yet adopted, see the “Recently Issued Accounting Standards - Future Adoption of New Accounting Standards” section of Note 1 of Notes to Consolidated Financial Statements in the 2020 Annual Report.

Note 3. Investments

The following tables set forth the estimated fair value, gross unrealized gains, gross unrealized losses and cost or amortized cost of the Company's investments in fixed maturities and equity securities, aggregated by type and industry, as of June 30, 2021 and December 31, 2020.

Fixed maturities were comprised of the following:

	June 30, 2021			
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Cost or Amortized Cost
Fixed maturities:				
Bonds:				
U.S. Treasury securities and obligations of U.S. Government agencies and authorities	\$ 37,393	\$ 887	\$ 156	\$ 36,662
Obligations of states and political subdivisions	11,843	943	—	10,900
Corporate securities:				
Utilities and telecom	30,813	3,363	29	27,479
Financial services	77,409	8,032	63	69,440
Other business – diversified	40,936	5,094	89	35,931
Other consumer – diversified	59,164	7,723	96	51,537
Total corporate securities	208,322	24,212	277	184,387
Redeemable preferred stocks:				
Other consumer – diversified	250	58	—	192
Total redeemable preferred stocks	250	58	—	192
Total fixed maturities	\$ 257,808	\$ 26,100	\$ 433	\$ 232,141

	December 31, 2020			
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Cost or Amortized Cost
Fixed maturities:				
Bonds:				
U.S. Treasury securities and obligations of U.S. Government agencies and authorities	\$ 30,762	\$ 1,381	\$ 26	\$ 29,407
Obligations of states and political subdivisions	11,802	898	—	10,904
Corporate securities:				
Utilities and telecom	30,359	4,423	—	25,936
Financial services	78,258	9,811	6	68,453
Other business – diversified	41,145	5,689	15	35,471
Other consumer – diversified	61,530	9,479	47	52,098
Total corporate securities	211,292	29,402	68	181,958
Redeemable preferred stocks:				
Other consumer – diversified	250	58	—	192
Total redeemable preferred stocks	250	58	—	192
Total fixed maturities	\$ 254,106	\$ 31,739	\$ 94	\$ 222,461

Bonds having an amortized cost of \$10,923 and \$10,670 and included in the tables above were on deposit with insurance regulatory authorities as of June 30, 2021 and December 31, 2020, respectively, in accordance with statutory requirements. Additionally, bonds having an amortized cost of \$6,394 and \$1,997 and included in the tables above were pledged as collateral to FHLB at June 30, 2021 and December 31, 2020, respectively.

Equity securities were comprised of the following:

	June 30, 2021			
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Cost
Equity securities:				
Common and non-redeemable preferred stocks:				
Financial services	\$ 681	\$ 481	\$ —	\$ 200
Other business – diversified	21,222	16,589	—	4,633
Total equity securities	\$ 21,903	\$ 17,070	\$ —	\$ 4,833

	December 31, 2020			
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Cost
Equity securities:				
Common and non-redeemable preferred stocks:				
Financial services	\$ 2,111	\$ 351	\$ —	\$ 1,760
Other business – diversified	16,605	11,972	—	4,633
Total equity securities	<u>\$ 18,716</u>	<u>\$ 12,323</u>	<u>\$ —</u>	<u>\$ 6,393</u>

The carrying value and amortized cost of the Company's investments in fixed maturities at June 30, 2021 and December 31, 2020 by contractual maturity were as follows. Actual maturities may differ from contractual maturities because issuers may call or prepay obligations with or without call or prepayment penalties.

	June 30, 2021		December 31, 2020	
	Carrying Value	Amortized Cost	Carrying Value	Amortized Cost
Due in one year or less	\$ 2,520	\$ 2,501	\$ 2,041	\$ 2,015
Due after one year through five years	22,991	21,415	18,373	17,039
Due after five years through ten years	83,491	76,075	89,892	79,993
Due after ten years	123,313	106,754	124,609	104,527
Asset backed securities	25,493	25,396	19,191	18,887
Totals	<u>\$ 257,808</u>	<u>\$ 232,141</u>	<u>\$ 254,106</u>	<u>\$ 222,461</u>

The following tables present the Company's unrealized loss aging for securities by type and length of time the security was in a continuous unrealized loss position as of June 30, 2021 and December 31, 2020.

	June 30, 2021					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S.						
Government agencies and authorities	\$ 12,341	\$ 156	\$ —	\$ —	\$ 12,341	\$ 156
Corporate securities	7,944	277	—	—	7,944	277
Total temporarily impaired securities	<u>\$ 20,285</u>	<u>\$ 433</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,285</u>	<u>\$ 433</u>

	December 31, 2020					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S.						
Government agencies and authorities	\$ 7,045	\$ 26	\$ —	\$ —	\$ 7,045	\$ 26
Corporate securities	4,602	68	—	—	4,602	68
Total temporarily impaired securities	<u>\$ 11,647</u>	<u>\$ 94</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,647</u>	<u>\$ 94</u>

The evaluation for an other than temporary impairment ("OTTI") is a quantitative and qualitative process, which is subject to risks and uncertainties in the determination of whether declines in the fair value of investments are other than temporary. Potential risks and uncertainties include, among other things, changes in general economic conditions, an issuer's financial condition or near term recovery prospects and the effects of changes in interest rates. In evaluating a potential impairment, the Company considers, among other factors, management's intent and ability to hold the securities until price recovery, the nature of the investment and the expectation of prospects for the issuer and its industry, the status of an issuer's continued satisfaction of its obligations in accordance with their contractual terms, and management's expectation as to the issuer's ability and intent to continue to do so, as well as ratings actions that may affect the issuer's credit status.

There were no OTTI charges recorded during the three month and six month periods ended June 30, 2021 and 2020.

As of June 30, 2021 and December 31, 2020, there were twenty-six and twenty securities, respectively, in an unrealized loss position which primarily included certain of the Company's investments in fixed maturities within the financial services, other diversified business and other diversified consumer sectors. The increase in the number of securities in an unrealized loss position during the six month period ended June 30, 2021, was primarily attributable to a decline in market values in certain of the Company's fixed maturity securities as a result of a rising interest rate environment. The Company does not currently intend to sell nor does it expect to be required to sell any of the securities in an unrealized loss position. Based upon the Company's expected continuation of receipt of contractually required principal and interest payments and its intent and ability to retain the securities until price recovery, as well as the Company's evaluation of other relevant factors, including those described above, the Company has deemed these securities to be temporarily impaired as of June 30, 2021.

The following tables summarize realized investment gains for the three month period ended June 30, 2021 and the six month periods ended June 30, 2021 and 2020. There were no realized investment gains (losses) in the three month period ended June 30, 2020.

	Three Months Ended June 30, 2021			
	Fixed Maturities	Equity Securities	Other Invested Assets	Total
Gains	\$ 50	\$ —	\$ —	\$ 50
Losses	—	—	—	—
Realized investment gains, net	<u>\$ 50</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 50</u>

	Six Months Ended June 30, 2021			
	Fixed Maturities	Equity Securities	Other Invested Assets	Total
Gains	\$ 171	\$ —	\$ —	\$ 171
Losses	—	—	—	—
Realized investment gains, net	<u>\$ 171</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 171</u>

	Six Months Ended June 30, 2020			
	Fixed Maturities	Equity Securities	Other Invested Assets	Total
Gains	\$ 249	\$ —	\$ —	\$ 249
Losses	—	—	—	—
Realized investment gains, net	<u>\$ 249</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 249</u>

The following table presents the portion of unrealized gains (losses) related to equity securities still held for the three month and six month periods ended June 30, 2021 and 2020.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net realized and unrealized gains (losses) recognized during the period on equity securities	\$ 4,003	\$ 1,355	\$ 4,747	\$ (7,100)
Less: Net realized gains (losses) recognized during the period on equity securities sold during the period	—	—	—	—
Unrealized gains (losses) recognized during the reporting period on equity securities, net	<u>\$ 4,003</u>	<u>\$ 1,355</u>	<u>\$ 4,747</u>	<u>\$ (7,100)</u>

Variable Interest Entities

The Company holds passive interests in a number of entities that are considered to be variable interest entities ("VIEs") under GAAP guidance. The Company's VIE interests principally consist of interests in limited partnerships and limited liability companies formed for the purpose of achieving diversified equity returns. The Company's VIE interests, carried as a part of other invested assets, totaled \$3,117 and \$3,238 as of June 30, 2021 and December 31, 2020, respectively. The Company's VIE interests, carried as a part of investment in unconsolidated trusts, totaled \$1,238 as of June 30, 2021 and December 31, 2020.

The Company does not have power over the activities that most significantly impact the economic performance of these VIEs and thus is not the primary beneficiary. Therefore, the Company has not consolidated these VIEs. The Company's involvement with each VIE is limited to its direct ownership interest in the VIE. The Company has no arrangements with any of the VIEs to provide other financial support to or on behalf of the VIE. The Company's maximum loss exposure relative to these investments was limited to the carrying value of the Company's investment in the VIEs, which amount to \$4,355 and \$4,476, as of June 30, 2021 and December 31, 2020, respectively. As of June 30, 2021 and December 31, 2020, the Company had outstanding commitments totaling \$1,997, whereby the Company is committed to fund these investments and may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses.

Note 4. Fair Values of Financial Instruments

The estimated fair values have been determined by the Company using available market information from various market sources and appropriate valuation methodologies as of the respective dates. However, considerable judgment is necessary to interpret market data and to develop the estimates of fair value. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, the estimates presented herein are not necessarily indicative of the amounts which the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The following describes the fair value hierarchy and provides information as to the extent to which the Company uses fair value to measure the value of its financial instruments and information about the inputs used to value those financial instruments. The fair value hierarchy prioritizes the inputs in the valuation techniques used to measure fair value into three broad levels.

- Level 1 Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date. The Company's financial instruments valued using Level 1 criteria include cash equivalents and exchange traded common stocks.
- Level 2 Observable inputs, other than quoted prices included in Level 1, for an asset or liability or prices for similar assets or liabilities. The Company's financial instruments valued using Level 2 criteria include significantly most of its fixed maturities, which consist of U.S. Treasury securities, U.S. Government securities, obligations of states and political subdivisions, and certain corporate fixed maturities, as well as its non-redeemable preferred stocks. In determining fair value measurements of its fixed maturities and non-redeemable preferred stocks using Level 2 criteria, the Company utilizes data from outside sources, including nationally recognized pricing services and broker/dealers. Prices for the majority of the Company's Level 2 fixed maturities and non-redeemable preferred stocks were determined using unadjusted prices received from pricing services that utilize models where the significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.
- Level 3 Valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Fair value is based on criteria that use assumptions or other data that are not readily observable from objective sources. With little or no observable market, the determination of fair values uses considerable judgment and represents the Company's best estimate of an amount that could be realized in a market exchange for the asset or liability. The Company's financial instruments valued using Level 3 criteria consist of two fixed maturity securities and one equity security. As of June 30, 2021 and December 31, 2020, the value of the fixed maturities valued using Level 3 criteria was \$124 and \$0, respectively. As of June 30, 2021 and December 31, 2020, the value of the equity security valued using Level 3 criteria was \$83 and \$143, respectively. The equity security is not traded and valued at cost. The use of different criteria or assumptions regarding data may have yielded materially different valuations.

As of June 30, 2021, financial instruments carried at fair value were measured on a recurring basis as summarized below:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Fixed maturities	\$ —	\$ 257,684	\$ 124	\$ 257,808
Equity securities	21,820	—	83	21,903
Cash equivalents	7,121	—	—	7,121
Total	<u>\$ 28,941</u>	<u>\$ 257,684</u>	<u>\$ 207</u>	<u>\$ 286,832</u>

As of December 31, 2020, financial instruments carried at fair value were measured on a recurring basis as summarized below:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Fixed maturities	\$ —	\$ 254,106	\$ —	\$ 254,106
Equity securities	18,573	—	143	18,716
Cash equivalents	12,010	—	—	12,010
Total	<u>\$ 30,583</u>	<u>\$ 254,106</u>	<u>\$ 143</u>	<u>\$ 284,832</u>

The following table sets forth the carrying amount, estimated fair value and level within the fair value hierarchy of the Company's financial instruments as of June 30, 2021 and December 31, 2020.

		June 30, 2021		December 31, 2020	
	Level in Fair Value Hierarchy ⁽¹⁾	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets:					
Cash and cash equivalents	Level 1	\$ 9,532	\$ 9,532	\$ 19,319	\$ 19,319
Fixed maturities	(1)	257,808	257,808	254,106	254,106
Equity securities	(1)	21,903	21,903	18,716	18,716
Other invested assets	Level 3	3,117	3,117	3,238	3,238
Policy loans	Level 2	1,920	1,920	1,975	1,975
Investment in unconsolidated trusts	Level 2	1,238	1,238	1,238	1,238
Liabilities:					
Junior subordinated debentures, net	Level 2	33,738	34,259	33,738	32,297

(1) See the aforementioned information for a description of the fair value hierarchy as well as a disclosure of levels for classes of these financial assets.

Note 5. Liabilities for Unpaid Losses, Claims and Loss Adjustment Expenses

The roll-forward of liabilities for unpaid losses, claims and loss adjustment expenses for the six months ended June 30, 2021 and 2020 is as follows:

	Six Months Ended June 30,	
	2021	2020
Beginning liabilities for unpaid losses, claims and loss adjustment expenses, gross	\$ 79,147	\$ 81,448
Less: Reinsurance recoverable on unpaid losses	(17,600)	(18,339)
Beginning liabilities for unpaid losses, claims and loss adjustment expenses, net	<u>61,547</u>	<u>63,109</u>
Incurred related to:		
Current accident year	63,836	62,262
Prior accident year development ⁽¹⁾	589 ⁽²⁾	(2,302) ⁽³⁾
Total incurred	<u>64,425</u>	<u>59,960</u>
Paid related to:		
Current accident year	33,295	33,911
Prior accident years	28,429	29,587
Total paid	<u>61,724</u>	<u>63,498</u>
Ending liabilities for unpaid losses, claims and loss adjustment expenses, net	<u>64,248</u>	<u>59,571</u>
Plus: Reinsurance recoverable on unpaid losses	17,225	16,927
Ending liabilities for unpaid losses, claims and loss adjustment expenses, gross	<u>\$ 81,473</u>	<u>\$ 76,498</u>

(1) In establishing property and casualty reserves, the Company initially reserves for losses at the higher end of the reasonable range if no other value within the range is determined to be more probable. Selection of such an initial loss estimate is an attempt by management to give recognition that initial claims information received generally is not conclusive with respect to legal liability, is generally not comprehensive with respect to magnitude of loss and generally, based on historical experience, will develop more adversely as time passes and more information becomes available. Accordingly, the Company generally experiences reserve redundancies when analyzing the development of prior year losses in a current period.

- (2) Prior years' development was primarily the result of unfavorable development in the loss and claim reserves for the Medicare supplement line of business in Bankers Fidelity. Partially offsetting the unfavorable development was favorable development in the property and casualty operations.
- (3) Prior years' development was primarily the result of favorable development in the loss and claim reserves for the Medicare supplement line of business in Bankers Fidelity. Rate increases on existing business and the resultant improvement in rate adequacy was more favorable than expected.

Following is a reconciliation of total incurred losses to total insurance benefits and losses incurred:

	Six Months Ended June 30,	
	2021	2020
Total incurred losses	\$ 64,425	\$ 59,960
Cash surrender value and matured endowments	1,692	697
Benefit reserve changes	(1,142)	2
Total insurance benefits and losses incurred	\$ 64,975	\$ 60,659

Note 6. Credit Arrangements

Bank Debt

On May 12, 2021, the Company entered into a Revolving Credit Agreement (the "Credit Agreement") with Truist Bank as the lender (the "Lender"). The Credit Agreement provides for an unsecured \$10 million revolving credit facility that matures on April 12, 2024. Under the Credit Agreement, the Company will pay interest on the unpaid principal balance of outstanding revolving loans at the LIBOR Rate (as defined in the Credit Agreement) plus 2.00%, subject to a LIBOR floor rate of 1.00%.

The Credit Agreement requires the Company to comply with certain covenants, including a debt to capital ratio that restricts the Company from incurring consolidated indebtedness that exceeds 35% of the Company's consolidated capitalization at any time. The Credit Agreement also contains customary representations and warranties and events of default. Events of default include, among others, (a) the failure by the Company to pay any amounts owed under the Credit Agreement when due, (b) the failure to perform and not timely remedy certain covenants, (c) a change in control of the Company and (d) the occurrence of bankruptcy or insolvency events. Upon an event of default, the Lender may, among other things, declare all obligations under the Credit Agreement immediately due and payable and terminate the revolving commitments. As of June 30, 2021, the Company does not have any outstanding borrowings under the Credit Agreement.

Junior Subordinated Debentures

The Company has two unconsolidated Connecticut statutory business trusts, which exist for the exclusive purposes of: (i) issuing trust preferred securities ("Trust Preferred Securities") representing undivided beneficial interests in the assets of the trusts; (ii) investing the gross proceeds of the Trust Preferred Securities in junior subordinated deferrable interest debentures ("Junior Subordinated Debentures") of Atlantic American; and (iii) engaging in those activities necessary or incidental thereto.

The financial structure of each of Atlantic American Statutory Trust I and II as of June 30, 2021 was as follows:

	Atlantic American Statutory Trust I	Atlantic American Statutory Trust II
JUNIOR SUBORDINATED DEBENTURES ^{(1) (2)}		
Principal amount owed June 30, 2021	\$ 18,042	\$ 23,196
Less: Treasury debt ⁽³⁾	—	(7,500)
Net balance June 30, 2021	\$ 18,042	\$ 15,696
Net balance December 31, 2020	\$ 18,042	\$ 15,696
Coupon rate	LIBOR + 4.00%	LIBOR + 4.10%
Interest payable	Quarterly	Quarterly
Maturity date	December 4, 2032	May 15, 2033
Redeemable by issuer	Yes	Yes
TRUST PREFERRED SECURITIES		
Issuance date	December 4, 2002	May 15, 2003
Securities issued	17,500	22,500
Liquidation preference per security	\$ 1	\$ 1
Liquidation value	\$ 17,500	\$ 22,500
Coupon rate	LIBOR + 4.00%	LIBOR + 4.10%
Distribution payable	Quarterly	Quarterly
Distribution guaranteed by ⁽⁴⁾	Atlantic American Corporation	Atlantic American Corporation

- (1) For each of the respective debentures, the Company has the right at any time, and from time to time, to defer payments of interest on the Junior Subordinated Debentures for a period not exceeding 20 consecutive quarters up to the debentures' respective maturity dates. During any such period, interest will continue to accrue and the Company may not declare or pay any cash dividends or distributions on, or purchase, the Company's common stock nor make any principal, interest or premium payments on or repurchase any debt securities that rank equally with or junior to the Junior Subordinated Debentures. The Company has the right at any time to dissolve each of the trusts and cause the Junior Subordinated Debentures to be distributed to the holders of the Trust Preferred Securities.
- (2) The Junior Subordinated Debentures are unsecured and rank junior and subordinate in right of payment to all senior debt of the Parent and are effectively subordinated to all existing and future liabilities of its subsidiaries.
- (3) On August 4, 2014, the Company acquired \$7,500 of the Junior Subordinated Debentures.
- (4) The Parent has guaranteed, on a subordinated basis, all of the obligations under the Trust Preferred Securities, including payment of the redemption price and any accumulated and unpaid distributions to the extent of available funds and upon dissolution, winding up or liquidation.

Note 7. Earnings (Loss) Per Common Share

A reconciliation of the numerator and denominator used in the earnings (loss) per common share calculations is as follows:

	Three Months Ended June 30, 2021		
	Income	Weighted Average Shares (In thousands)	Per Share Amount
<i>Basic Earnings Per Common Share:</i>			
Net income	\$ 2,962	20,414	
Less preferred stock dividends	(100)	—	
Net income applicable to common shareholders	2,862	20,414	\$ 0.14
<i>Diluted Earnings Per Common Share:</i>			
Effect of Series D preferred stock	100	1,378	
Net income applicable to common shareholders	\$ 2,962	21,792	\$ 0.14
	Three Months Ended June 30, 2020		
	Income	Weighted Average Shares (In thousands)	Per Share Amount
<i>Basic Earnings Per Common Share:</i>			
Net income	\$ 6,532	20,440	
Less preferred stock dividends	(100)	—	
Net income applicable to common shareholders	6,432	20,440	\$ 0.31
<i>Diluted Earnings Per Common Share:</i>			
Effect of Series D preferred stock	100	1,378	
Net income applicable to common shareholders	\$ 6,532	21,818	\$ 0.30
	Six Months Ended June 30, 2021		
	Income	Weighted Average Shares (In thousands)	Per Share Amount
<i>Basic and Diluted Earnings Per Common Share:</i>			
Net income	\$ 2,531	20,415	
Less preferred stock dividends	(199)	—	
Net income applicable to common shareholders	\$ 2,332	20,415	\$ 0.11

		Six Months Ended June 30, 2020	
	Loss	Weighted Average Shares (In thousands)	Per Share Amount
<i>Basic and Diluted Loss Per Common Share:</i>			
Net loss	\$ (1,555)	20,455	
Less preferred stock dividends	(199)	—	
Net loss applicable to common shareholders	<u>\$ (1,754)</u>	<u>20,455</u>	<u>\$ (0.09)</u>

The assumed conversion of the Company's Series D preferred stock was included in the earnings (loss) per common share calculation for the three month periods ended June 30, 2021 and 2020. The assumed conversion of the Company's Series D preferred stock was excluded from the earnings (loss) per common share calculation for the six month periods ended June 30, 2021 and 2020 since its impact would have been antidilutive.

Note 8. Income Taxes

A reconciliation of the differences between income taxes computed at the federal statutory income tax rate and income tax expense (benefit) is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Federal income tax provision at statutory rate of 21%	\$ 788	\$ 1,739	\$ 673	\$ (409)
Dividends-received deduction	(5)	(3)	(14)	(6)
Meals & entertainment	10	6	14	13
Vested stock & club dues	(5)	3	(5)	3
Parking disallowance	4	4	8	8
Income tax expense (benefit)	<u>\$ 792</u>	<u>\$ 1,749</u>	<u>\$ 676</u>	<u>\$ (391)</u>

The components of income tax expense (benefit) were:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Current – Federal	\$ 693	\$ 2,173	\$ 1,069	\$ 2,302
Deferred – Federal	99	(424)	(393)	(2,693)
Total	<u>\$ 792</u>	<u>\$ 1,749</u>	<u>\$ 676</u>	<u>\$ (391)</u>

In addition, the Company determined there were no significant tax implications as a result of the CARES Act.

Note 9. Leases

The Company has two operating lease agreements, each for the use of office space in the ordinary course of business. The first lease renews annually on an automatic basis and based on original assumptions, management is reasonably certain to exercise the renewal option through 2026. The original term of the second lease was ten years and amended in January 2017 to provide for an additional seven years, with a termination date on September 30, 2026. The rate used in determining the present value of lease payments is based upon an estimate of the Company's incremental secured borrowing rate commensurate with the term of the underlying lease.

These leases are accounted for as operating leases, whereby lease expense is recognized on a straight-line basis over the term of the lease. Lease expense reported for the six months ended June 30, 2021 and June 30, 2020 was \$507.

Additional information regarding the Company's real estate operating leases is as follows:

	Six Months Ended June 30,	
	2021	2020
Other information on operating leases:		
Cash payments included in the measurement of lease liabilities reported in operating cash flows	\$ 504	\$ 475
Right-of-use assets included in other assets on the condensed consolidated balance sheet	4,493	5,159
Weighted average discount rate	6.8%	6.8%
Weighted average remaining lease term in years	5.4 years	6.4 years

The following table presents maturities and present value of the Company's lease liabilities:

	Lease Liability
Remainder of 2021	\$ 511
2022	1,031
2023	1,048
2024	1,065
2025	1,083
Thereafter	942
Total undiscounted lease payments	5,680
Less: present value adjustment	948
Operating lease liability included in accounts payable and accrued expenses on the condensed consolidated balance sheet	<u>\$ 4,732</u>

As of June 30, 2021, the Company has no operating leases that have not yet commenced.

Note 10. Commitments and Contingencies

From time to time, the Company is, and expects to continue to be, involved in various claims and lawsuits incidental to and in the ordinary course of its businesses. In the opinion of management, any such known claims are not expected to have a material effect on the financial condition or results of operations of the Company.

Note 11. Segment Information

The Parent's primary insurance subsidiaries, American Southern and Bankers Fidelity, operate in two principal business units, each focusing on specific products. American Southern operates in the property and casualty insurance market, while Bankers Fidelity operates in the life and health insurance market. Each business unit is managed independently and is evaluated on its individual performance. The following sets forth the assets, revenue and income (loss) before income taxes for each business unit as of and for the periods ended 2021 and 2020.

Assets	June 30, 2021	December 31, 2020
American Southern	\$ 162,761	\$ 158,808
Bankers Fidelity	230,595	236,197
Corporate and Other	11,130	10,182
Total assets	<u>\$ 404,486</u>	<u>\$ 405,187</u>

Revenues	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
American Southern	\$ 17,522	\$ 16,896	\$ 35,048	\$ 32,123
Bankers Fidelity	33,680	32,871	65,220	57,744
Corporate and Other	255	(30)	264	(720)
Total revenue	<u>\$ 51,457</u>	<u>\$ 49,737</u>	<u>\$ 100,532</u>	<u>\$ 89,147</u>

Income (Loss) Before Income Taxes	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
American Southern	\$ 2,073	\$ 2,087	\$ 3,563	\$ 2,965
Bankers Fidelity	3,377	8,039	3,511	(742)
Corporate and Other	(1,696)	(1,845)	(3,867)	(4,169)
Income (loss) before income taxes	<u>\$ 3,754</u>	<u>\$ 8,281</u>	<u>\$ 3,207</u>	<u>\$ (1,946)</u>

Item 2.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The following is management’s discussion and analysis of the financial condition and results of operations of Atlantic American Corporation (“Atlantic American” or the “Parent”) and its subsidiaries (collectively with the Parent, the “Company”) as of and for the three month and six month periods ended June 30, 2021. This discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included elsewhere herein, as well as with the audited consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 Annual Report”).

Atlantic American is an insurance holding company whose operations are conducted primarily through its insurance subsidiaries: American Southern Insurance Company and American Safety Insurance Company (together known as “American Southern”) and Bankers Fidelity Life Insurance Company and Bankers Fidelity Assurance Company (together known as “Bankers Fidelity”). Each operating company is managed separately, offers different products and is evaluated on its individual performance.

Recent Events and Outlook

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. In March 2020, the impact of COVID-19 and related actions to attempt to control its spread began to impact our business operations, and we expect that the pandemic, actions that have been or will be taken in response to it and its overall impact on the economy, will continue to have an effect on our business operations and our operating results. See “Expected Impact of COVID-19 on the Company’s Financial Condition and Results of Operations.”

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ significantly from those estimates. The Company has identified certain estimates that involve a higher degree of judgment and are subject to a significant degree of variability. The Company’s critical accounting policies and the resultant estimates considered most significant by management are disclosed in the 2020 Annual Report. Except as disclosed in Note 2 of Notes to Condensed Consolidated Financial Statements, the Company’s critical accounting policies are consistent with those disclosed in the 2020 Annual Report.

Overall Corporate Results

The following presents the Company’s revenue, expenses and net income (loss) for the three month and six month periods ended June 30, 2021 and the comparable periods in 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Insurance premiums, net	\$ 45,133	\$ 46,499	\$ 91,223	\$ 92,049
Net investment income	2,266	1,850	4,379	3,889
Realized investment gains, net	50	—	171	249
Unrealized gains (losses) on equity securities, net	4,003	1,355	4,747	(7,100)
Other income	5	33	12	60
Total revenue	51,457	49,737	100,532	89,147
Insurance benefits and losses incurred	31,703	27,076	64,975	60,659
Commissions and underwriting expenses	12,179	10,854	24,743	23,480
Interest expense	347	414	693	890
Other expense	3,474	3,112	6,914	6,064
Total benefits and expenses	47,703	41,456	97,325	91,093
Income (loss) before income taxes	\$ 3,754	\$ 8,281	\$ 3,207	\$ (1,946)
Net income (loss)	\$ 2,962	\$ 6,532	\$ 2,531	\$ (1,555)

Management also considers and evaluates performance by analyzing the non-GAAP measure operating income (loss), and believes it is a useful metric for investors, potential investors, securities analysts and others because it isolates the “core” operating results of the Company before considering certain items that are either beyond the control of management (such as taxes, which are subject to timing, regulatory and rate changes depending on the timing of the associated revenues and expenses) or are not expected to regularly impact the Company’s operational results (such as any realized and unrealized investment gains, which are not a part of the Company’s primary operations and are, to a limited extent, subject to discretion in terms of timing of realization).

A reconciliation of net income (loss) to operating income (loss) for the three month and six month periods ended June 30, 2021 and the comparable periods in 2020 is as follows:

Reconciliation of Non-GAAP Financial Measure	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
Net income (loss)	\$ 2,962	\$ 6,532	\$ 2,531	\$ (1,555)
Income tax expense (benefit)	792	1,749	676	(391)
Realized investment gains, net	(50)	—	(171)	(249)
Unrealized (gains) losses on equity securities, net	(4,003)	(1,355)	(4,747)	7,100
Non-GAAP operating income (loss)	<u>\$ (299)</u>	<u>\$ 6,926</u>	<u>\$ (1,711)</u>	<u>\$ 4,905</u>

On a consolidated basis, the Company had net income of \$3.0 million, or \$0.14 per diluted share, for the three month period ended June 30, 2021, compared to net income of \$6.5 million, or \$0.30 per diluted share, for the three month period ended June 30, 2020. The Company had net income of \$2.5 million, or \$0.11 per diluted share, for the six month period ended June 30, 2021, compared to net loss of \$1.6 million, or \$0.09 per diluted share, for the six month period ended June 30, 2020. For the three month period ended June 30, 2021, premium revenue decreased \$1.4 million, or 2.9%, to \$45.1 million from \$46.5 million in the comparable period in 2020. For the six month period ended June 30, 2021, premium revenue decreased \$0.8 million, or 0.9%, to \$91.2 million from \$92.0 million in the comparable period in 2020. The decrease in premium revenue was primarily attributable to a decrease in the Medicare supplement line of business in the life and health operations.

Operating income decreased \$7.2 million in the three month period ended June 30, 2021 from the three month period ended June 30, 2020. For the six month period ended June 30, 2021, operating income decreased \$6.6 million from the comparable period in 2020. The decrease in operating income was primarily due to less favorable loss experience in the life and health operations, resulting from a significant increase in the number of incurred claims within the Medicare supplement line of business. During 2021, utilization of Medicare supplement insurance benefits has increased, returning to historical averages relative to the exceptionally low utilization experienced after the onset of the COVID-19 pandemic when many policyholders were sheltered in place.

A more detailed analysis of the individual operating segments and other corporate activities follows.

American Southern

The following summarizes American Southern’s premiums, losses, expenses and underwriting ratios for the three month and six month periods ended June 30, 2021 and the comparable periods in 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Gross written premiums	\$ 33,053	\$ 33,320	\$ 44,515	\$ 42,938
Ceded premiums	(1,565)	(1,451)	(3,249)	(2,845)
Net written premiums	<u>\$ 31,488</u>	<u>\$ 31,869</u>	<u>\$ 41,266</u>	<u>\$ 40,093</u>
Net earned premiums	\$ 16,362	\$ 15,824	\$ 32,977	\$ 30,746
Insurance benefits and losses incurred	10,157	10,021	21,906	19,555
Commissions and underwriting expenses	5,293	4,788	9,579	9,602
Underwriting income	<u>\$ 912</u>	<u>\$ 1,015</u>	<u>\$ 1,492</u>	<u>\$ 1,589</u>
Loss ratio	62.1%	63.3%	66.4%	63.6%
Expense ratio	32.3	30.3	29.0	31.2
Combined ratio	<u>94.4%</u>	<u>93.6%</u>	<u>95.4%</u>	<u>94.8%</u>

Gross written premiums at American Southern decreased \$0.3 million, or 0.8%, during the three month period ended June 30, 2021 and increased \$1.6 million, or 3.7%, during the six month period ended June 30, 2021, from the comparable periods in 2020. The decrease in gross written premiums during the three month period ended June 30, 2021 was primarily due to decreases in the automobile liability line of business resulting from a decline in gross premiums written within a certain agency, as well as retro premium adjustments. The increase in gross written premiums during the six month period ended June 30, 2021 was primarily attributable to an increase in premiums written in the automobile physical damage line of business from existing agencies, as well as an increase in gross written premiums in the general liability line of business as a result of a new program that started in the second half of 2020. Partially offsetting the increase was a decline in premiums written in the automobile liability line of business as previously discussed.

Ceded premiums increased \$0.1 million, or 7.9%, during the three month period ended June 30, 2021 and \$0.4 million, or 14.2%, during the six month period ended June 30, 2021, from the comparable periods in 2020. American Southern's ceded premiums are typically determined as a percentage of earned premiums and generally increase or decrease as earned premiums increase or decrease. Also contributing to the increase in ceded premiums in 2021 was an increase in earned premiums and reinsurance rates in certain accounts within the automobile physical damage and general liability lines of business, which are subject to reinsurance.

The following presents American Southern's net earned premiums by line of business for the three month and six month periods ended June 30, 2021 and the comparable periods in 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
Automobile liability	\$ 7,276	\$ 8,223	\$ 15,013	\$ 15,363
Automobile physical damage	5,483	4,472	11,017	9,020
General liability	1,424	888	2,677	1,739
Surety	1,327	1,441	2,644	3,046
Other lines	852	800	1,626	1,578
Total	<u>\$ 16,362</u>	<u>\$ 15,824</u>	<u>\$ 32,977</u>	<u>\$ 30,746</u>

Net earned premiums increased \$0.5 million, or 3.4%, during the three month period ended June 30, 2021, and \$2.2 million, or 7.3%, during the six month period ended June 30, 2021, over the comparable periods in 2020. The increase in net earned premiums was primarily attributable to an increase in automobile physical damage coverage resulting from existing agencies and an increase in general liability as a result of a new program as previously mentioned. Premiums are earned ratably over their respective policy terms, and therefore premiums earned in the current year are related to policies written during both the current year and immediately preceding year.

The performance of an insurance company is often measured by its combined ratio. The combined ratio represents the percentage of losses, loss adjustment expenses and other expenses that are incurred for each dollar of premium earned by the company. A combined ratio of under 100% represents an underwriting profit while a combined ratio of over 100% indicates an underwriting loss. The combined ratio is divided into two components, the loss ratio (the ratio of losses and loss adjustment expenses incurred to premiums earned) and the expense ratio (the ratio of expenses incurred to premiums earned).

Insurance benefits and losses incurred at American Southern increased \$0.1 million, or 1.4%, during the three month period ended June 30, 2021, and increased \$2.4 million, or 12.0%, during the six month period ended June 30, 2021, over the comparable periods in 2020. As a percentage of earned premiums, insurance benefits and losses incurred were 62.1% in the three month period ended June 30, 2021, compared to 63.3% in the three month period ended June 30, 2020. For the six month period ended June 30, 2021, this ratio increased to 66.4% from 63.6% in the comparable period in 2020. The decrease in the loss ratio during the three month period ended June 30, 2021 was primarily attributable to an increase in earned premiums in the general liability line of business. The increase in the loss ratio during the six month period ended June 30, 2021 was mainly due to an increase in the frequency of claims in the automobile physical damage line of business, as well as in the inland marine segment of the other line of business.

Commissions and underwriting expenses increased \$0.5 million, or 10.5%, during the three month period ended June 30, 2021, and remained consistent during the six month period ended June 30, 2021, over the comparable periods in 2020. As a percentage of earned premiums, underwriting expenses were 32.3% in the three month period ended June 30, 2021, compared to 30.3% in the three month period ended June 30, 2020. For the six month period ended June 30, 2021, this ratio decreased to 29.0% from 31.2% in the comparable period in 2020. The increase in the expense ratio during the three month period ended June 30, 2021 and the decrease in the expense ratio during the six month period ended June 30, 2021 was primarily due to American Southern's use of a variable commission structure with certain agents, which compensates the participating agents in relation to the loss ratios of the business they write. During periods in which the loss ratio decreases, commissions and underwriting expenses will generally increase, and conversely, during periods in which the loss ratio increases, commissions and underwriting expenses will generally decrease.

Bankers Fidelity

The following summarizes Bankers Fidelity's earned premiums, losses, expenses and underwriting ratios for the three month and six month periods ended June 30, 2021 and the comparable periods in 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Medicare supplement	\$ 40,866	\$ 43,787	\$ 81,858	\$ 88,102
Other health products	2,368	2,311	4,755	4,495
Life insurance	2,450	2,557	5,337	4,814
Gross earned premiums	45,684	48,655	91,950	97,411
Ceded premiums	(16,913)	(17,980)	(33,704)	(36,108)
Net earned premiums	28,771	30,675	58,246	61,303
Insurance benefits and losses incurred	21,546	17,055	43,069	41,104
Commissions and underwriting expenses	8,756	7,778	18,640	17,382
Total expenses	30,302	24,833	61,709	58,486
Underwriting income (loss)	\$ (1,531)	\$ 5,842	\$ (3,463)	\$ 2,817
Loss ratio	74.9%	55.6%	73.9%	67.1%
Expense ratio	30.4	25.4	32.0	28.4
Combined ratio	105.3%	81.0%	105.9%	95.5%

Net earned premium revenue at Bankers Fidelity decreased \$1.9 million, or 6.2%, during the three month period ended June 30, 2021, and \$3.1 million, or 5.0%, during the six month period ended June 30, 2021, from the comparable periods in 2020. Gross earned premiums from the Medicare supplement line of business decreased \$2.9 million, or 6.7%, during the three month period ended June 30, 2021, and \$6.2 million, or 7.1%, during the six month period ended June 30, 2021, due primarily to non-renewals exceeding the level of new business writings. Other health product premiums increased \$0.1 million, or 2.5%, during the three month period ended June 30, 2021, and \$0.3 million, or 5.8%, during the six month period ended June 30, 2021, over the comparable periods in 2020, primarily as a result of new sales of the company's group health products. Gross earned premiums from the life insurance line of business decreased \$0.1 million, or 4.2%, during the three month period ended June 30, 2021, due to a decrease in individual life products premium, resulting from the redemption and settlement of existing individual life policy obligations exceeding the level of new individual life sales. Gross earned premiums from the life insurance line of business increased \$0.5 million, or 10.9%, during the six month period ended June 30, 2021 over the comparable periods in 2020 due to an increase in the group life products premium, partially offset by a decrease in individual life products premium as previously mentioned. Premiums ceded decreased \$1.1 million, or 5.9%, during the three month period ended June 30, 2021 and \$2.4 million, or 6.7%, during the six month period ended June 30, 2021, over the comparable periods in 2020. The decrease in ceded premiums for the three month and six month periods ended June 30, 2021 was due to a decrease in Medicare supplement premiums subject to reinsurance.

Insurance benefits and losses incurred increased \$4.5 million, or 26.3%, during the three month period ended June 30, 2021, and \$2.0 million, or 4.8%, during the six month period ended June 30, 2021, from the comparable periods in 2020. As a percentage of earned premiums, benefits and losses were 74.9% in the three month period ended June 30, 2021, compared to 55.6% in the three month period ended June 30, 2020. For the six month period ended June 30, 2021, this ratio increased to 73.9% from 67.1% in the comparable period in 2020. The increase in the loss ratio for the three month and six month periods ended June 30, 2021 was primarily due to an increase in the number of claims incurred in the Medicare supplement line of business. During 2021, utilization of Medicare supplement insurance benefits has increased, returning to historical averages relative to the exceptionally low utilization experienced after the onset of the COVID-19 pandemic when many policyholders were sheltered in place.

Commissions and underwriting expenses increased \$1.0 million, or 12.6%, during the three month period ended June 30, 2021, and \$1.3 million, or 7.2%, during the six month period ended June 30, 2021, over the comparable periods in 2020. As a percentage of earned premiums, underwriting expenses were 30.4% in the three month period ended June 30, 2021, compared to 25.4% in the three month period ended June 30, 2020. For the six month period ended June 30, 2021, this ratio increased to 32.0% from 28.4% in the comparable period in 2020. The increase in the expense ratio for the three month and six month periods ended June 30, 2021 was primarily due to the amortization of deferred acquisition costs ("DAC") exceeding the level of additions to DAC. The increase in the net amortization of DAC during 2021 is primarily due to non-renewals exceeding the level of new business writings in the Medicare supplement line of business, as previously mentioned. Partially offsetting the increase in the expense ratio was a decrease in expenses related to servicing the Medicare supplement line of business.

Net Investment Income and Realized Gains (Losses)

Investment income increased \$0.4 million, or 22.5%, during the three month period ended June 30, 2021, and \$0.5 million, or 12.6%, during the six month period ended June 30, 2021, over the comparable periods in 2020. The increase in investment income was attributable to an increase in the equity in earnings from investments in the Company's limited partnerships and limited liability companies of \$0.3 million and \$0.4 million, respectively.

The Company had net realized investment gains of \$0.1 million during the three month period ended June 30, 2021, compared to no realized investment gains during the three month period ended June 30, 2020. The Company had net realized investment gains of \$0.2 million in each of the six month periods ended June 30, 2021 and 2020. The net realized investment gains during the three month and six month periods ended June 30, 2021 resulted primarily from the disposition of several of the Company's investments in fixed maturity securities. Management continually evaluates the Company's investment portfolio and makes adjustments for impairments and/or divests investments as may be determined to be appropriate.

Unrealized Gains (Losses) on Equity Securities

Investments in equity securities are measured at fair value at the end of the reporting period, with any changes in fair value reported in net income during the period, with certain exceptions. The Company recognized net unrealized gains on equity securities of \$4.0 million during the three month period ended June 30, 2021 and unrealized gains on equity securities of \$1.4 million during the three month period ended June 30, 2020. The Company recognized net unrealized gains on equity securities of \$4.7 million during the six month period ended June 30, 2021 and unrealized losses on equity securities of \$7.1 million during the six month period ended June 30, 2020. Changes in unrealized gains on equity securities for the applicable periods are primarily the result of fluctuations in the market value of certain of the Company's equity securities.

Interest Expense

Interest expense decreased \$0.1 million, or 16.2%, during the three month period ended June 30, 2021, and \$0.2 million, or 22.1%, during the six month period ended June 30, 2021, from the comparable periods in 2020. Changes in interest expense were primarily due to changes in the London Interbank Offered Rate ("LIBOR"), as the interest rates on the Company's outstanding junior subordinated deferrable interest debentures ("Junior Subordinated Debentures") are directly related to LIBOR.

Liquidity and Capital Resources

The primary cash needs of the Company are for the payment of claims and operating expenses, maintaining adequate statutory capital and surplus levels, and meeting debt service requirements. Current and expected patterns of claim frequency and severity may change from period to period but generally are expected to continue within historical ranges. The Company's primary sources of cash are written premiums, investment income and proceeds from the sale and maturity of its invested assets. The Company believes that, within each operating company, total invested assets will be sufficient to satisfy all policy liabilities and that cash inflows from investment earnings, future premium receipts and reinsurance collections will be adequate to fund the payment of claims and operating expenses as needed.

Cash flows at the Parent are derived from dividends, management fees, and tax-sharing payments, as described below, from the subsidiaries. The principal cash needs of the Parent are for the payment of operating expenses, the acquisition of capital assets and debt service requirements, as well as the repurchase of shares and payments of any dividends as may be authorized and approved by the Company's board of directors from time to time. At June 30, 2021, the Parent had approximately \$3.9 million of unrestricted cash and investments.

The Parent's insurance subsidiaries reported statutory net income of \$1.5 million for the six month period ended June 30, 2021, compared to statutory net income of \$4.7 million for the six month period ended June 30, 2020. Statutory results are impacted by the recognition of all costs of acquiring business. In periods in which the Company's first year premiums increase, statutory results are generally lower than results determined under GAAP. Statutory results for the Company's property and casualty operations may differ from the Company's results of operations under GAAP due to the deferral of acquisition costs for financial reporting purposes. The Company's life and health operations' statutory results may differ from GAAP results primarily due to the deferral of acquisition costs for financial reporting purposes, as well as the use of different reserving methods.

Over 90% of the invested assets of the Parent's insurance subsidiaries are invested in marketable securities that can be converted into cash, if required; however, the use of such assets by the Company is limited by state insurance regulations. Dividend payments to a parent corporation by its wholly owned insurance subsidiaries are subject to annual limitations and are restricted to 10% of statutory surplus or statutory earnings before recognizing realized investment gains of the individual insurance subsidiaries. At June 30, 2021, American Southern had \$50.0 million of statutory capital and surplus and Bankers Fidelity had \$41.7 million of statutory capital and surplus. In 2021, dividend payments by the Parent's insurance subsidiaries in excess of \$9.6 million would require prior approval. Through June 30, 2021, the Parent received dividends of \$5.4 million from its subsidiaries.

The Parent provides certain administrative and other services to each of its insurance subsidiaries. The amounts charged to and paid by the subsidiaries include reimbursements for various shared services and other expenses incurred directly on behalf of the subsidiaries by the Parent. In addition, there is in place a formal tax-sharing agreement between the Parent and its insurance subsidiaries. As a result of the Parent's tax loss, it is anticipated that the tax-sharing agreement will continue to provide the Parent with additional funds from profitable subsidiaries to assist in meeting its cash flow obligations.

The Company has two statutory trusts which exist for the exclusive purpose of issuing trust preferred securities representing undivided beneficial interests in the assets of the trusts and investing the gross proceeds of the trust preferred securities in Junior Subordinated Debentures. The outstanding \$18.0 million and \$15.7 million of Junior Subordinated Debentures mature on December 4, 2032 and May 15, 2033, respectively, are callable quarterly, in whole or in part, only at the option of the Company, and have an interest rate of three-month LIBOR plus an applicable margin. The margin ranges from 4.00% to 4.10%. At June 30, 2021, the effective interest rate was 4.20%. The obligations of the Company with respect to the issuances of the trust preferred securities represent a full and unconditional guarantee by the Parent of each trust's obligations with respect to the trust preferred securities. Subject to certain exceptions and limitations, the Company may elect from time to time to defer Junior Subordinated Debenture interest payments, which would result in a deferral of distribution payments on the related trust preferred securities. As of June 30, 2021, the Company has not made such an election.

The Company intends to pay its obligations under the Junior Subordinated Debentures using existing cash balances, dividend and tax-sharing payments from the operating subsidiaries, or from existing or potential future financing arrangements.

At June 30, 2021, the Company had 55,000 shares of Series D preferred stock ("Series D Preferred Stock") outstanding. All of the shares of Series D Preferred Stock are held by an affiliate of the Company's controlling shareholder. The outstanding shares of Series D Preferred Stock have a stated value of \$100 per share; accrue annual dividends at a rate of \$7.25 per share (payable in cash or shares of the Company's common stock at the option of the board of directors of the Company) and are cumulative. In certain circumstances, the shares of the Series D Preferred Stock may be convertible into an aggregate of approximately 1,378,000 shares of the Company's common stock, subject to certain adjustments and provided that such adjustments do not result in the Company issuing more than approximately 2,703,000 shares of common stock without obtaining prior shareholder approval; and are redeemable solely at the Company's option. The Series D Preferred Stock is not currently convertible. At June 30, 2021, the Company had accrued but unpaid dividends on the Series D Preferred Stock totaling \$0.2 million.

Bankers Fidelity Life Insurance Company ("BFLIC") is a member of the Federal Home Loan Bank of Atlanta ("FHLB"), for the primary purpose of enhancing financial flexibility. As a member, BFLIC can obtain access to low-cost funding and also receive dividends on FHLB stock. The membership arrangement established initial credit availability of five percent of statutory admitted assets, or approximately \$8 million. Additional FHLB stock purchases may be required based upon the amount of funds borrowed from the FHLB. BFLIC would be required to post acceptable forms of collateral for any borrowings it makes from the FHLB. As of June 30, 2021, BFLIC does not have any outstanding borrowings from the FHLB.

See Note 6 of the Notes to Condensed Consolidated Financial Statements for a discussion of the Company's available credit under its new revolving credit facility.

Cash and cash equivalents decreased from \$19.3 million at December 31, 2020 to \$9.5 million at June 30, 2021. The decrease in cash and cash equivalents during the six month period ended June 30, 2021 was primarily attributable to net cash used in operating activities of \$13.9 million. Partially offsetting the cash used in operating activities was net cash provided by investing activities of \$4.5 million as a result of investment sales and maturity of securities exceeding investment purchases.

The Company believes that existing cash balances as well as the dividends, fees, and tax-sharing payments it expects to receive from its subsidiaries and, if needed, borrowings under its credit facilities or additional borrowings from financial institutions, will enable the Company to meet its liquidity requirements for the foreseeable future. Management is not aware of any current recommendations by regulatory authorities, which, if implemented, would have a material adverse effect on the Company's liquidity, capital resources or operations.

Expected Impact of COVID-19 on the Company's Financial Condition and Results of Operations

The duration and ultimate impact of the COVID-19 pandemic remains unknown at this time and it is not possible for us to reliably estimate the impact on the financial condition, operating results or liquidity of the Company and its operating subsidiaries in future periods. However, we do not currently expect a significant decline in liquidity or operating results as a result of the disruption caused by the ongoing COVID-19 pandemic. To date, the most significant impact of COVID-19 on the Company's financial position has been volatility in the fair value of the Company's fixed maturity and equity investments due to disruption in the financial markets.

We expect that earned premiums could be adversely impacted by a weakened economy leading to a slowdown in new sales and reduced retention of insureds. Additionally, a number of states have issued bulletins that either encourage or require premium leniency such as extension of grace periods or moratoriums on cancellation of policies for non-payment. The Company does not expect a significant reduction or delay in payments and continues to monitor state required actions as they develop.

For the Company's property and casualty operations, the majority of premium revenue is derived from automobile liability and automobile physical damage lines of business written on a multi-year contract basis with state and local governments. Although we cannot predict with certainty at this time, we do not expect a significant level of cancellations or non-renewals of our property and casualty contracts in the short term but recognize that a prolonged economic slowdown could adversely affect future results. However, the Company expects the aforementioned decline in usage to be temporary in nature.

Benefits and losses in our property and casualty operations could be adversely impacted as a result of disruption caused by the COVID-19 pandemic. However, due to the nature of our primary product lines, the impact is not currently expected to be material. As a result, we do not currently expect a material adverse effect on operating results or liquidity in the property and casualty operations.

The majority of premium revenue in our life and health operations are derived from the senior market segment of the population, or those individuals age sixty-five and up, who maintain Medicare supplement and to a lesser extent, whole life insurance policies with the Company. We expect that earned premiums could be adversely impacted by an economic slowdown related to the COVID-19 pandemic and individual, business and government responses thereto, which could lead to a decline in new sales and reduced retention of insureds. As a result, we currently anticipate that the life and health operations may experience a marginal decline in earned premiums although the actual impact cannot be predicted with certainty at this time.

Unforeseen infectious diseases that impact large portions of a population can have an adverse impact on mortality and morbidity, and resultant benefits and losses incurred by the Company's life and health operations. Accordingly, the Company does anticipate incurring higher costs, potentially similar to prior influenza seasons, as it relates to life insurance claims. However, due to the Company's individual policyholders being subject to various degrees of shelter in place orders, the Company has experienced lower utilization of certain accident and health benefits, particularly in the Medicare supplement line of business. As a result, and although the ultimate impact cannot be predicted with certainty at this time, the Company does not expect significant adverse development in total benefits and losses incurred in its life and health operations.

In addition to the information set forth in this report, you should carefully consider the discussions of the COVID-19 pandemic and related economic developments presented in our Annual Report on Form 10-K for the year ended December 31, 2020, and in other reports we file with the SEC from time to time, all of which could materially affect our business, financial condition or future results.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934 (the "Exchange Act") reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives. The Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures can prevent all possible errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. There are inherent limitations in all control systems, including the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the intentional acts of one or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and, while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to possible errors or fraud may occur and may not be detected. An evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There have been no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains and references certain information that constitutes forward-looking statements as that term is defined in the federal securities laws. Statements, to the extent they are not statements of historical facts, are considered forward-looking statements, and are subject to various risks and uncertainties. Such forward-looking statements are made based upon management's current assessments of various risks and uncertainties, as well as assumptions made in accordance with the "safe harbor" provisions of the federal securities laws. The Company's actual results could differ materially from the results expressed in or implied by these forward-looking statements as a result of such risks and uncertainties, including those identified in filings made by the Company from time to time with the Securities and Exchange Commission. In addition, other risks and uncertainties not known by us, or that we currently determine to not be material, may materially adversely affect our financial condition, results of operations or cash flows. The Company undertakes no obligation to update any forward-looking statement as a result of subsequent developments, changes in underlying assumptions or facts, or otherwise, except as may be required by law.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On October 31, 2016, the Board of Directors of the Company approved a plan that allows for the repurchase of up to 750,000 shares of the Company's common stock (the "Repurchase Plan") on the open market or in privately negotiated transactions, as determined by an authorized officer of the Company. Any such repurchases can be made from time to time in accordance with applicable securities laws and other requirements.

Other than pursuant to the Repurchase Plan, no purchases of common stock of the Company were made by or on behalf of the Company during the periods described below.

The table below sets forth information regarding repurchases by the Company of shares of its common stock on a monthly basis during the three month period ended June 30, 2021.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
April 1 – April 30, 2021	—	\$ —	—	325,129
May 1 – May 31, 2021	—	—	—	325,129
June 1 – June 30, 2021	—	—	—	325,129
Total	<u>—</u>	<u>\$ —</u>	<u>—</u>	

Item 6. Exhibits

10.1	Revolving Credit Agreement, dated as of May 12, 2021, by and between Atlantic American Corporation and Truist Bank (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on May 13, 2021).
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101. INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101. SCH	Inline XBRL Taxonomy Extension Schema Document.
101. CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

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: August 10, 2021

By: /s/ J. Ross Franklin
J. Ross Franklin
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

REVOLVING CREDIT AGREEMENT

By and Between

ATLANTIC AMERICAN CORPORATION,

As the Borrower,

And

TRUIST BANK,

As the Lender

Dated as of May 12, 2021

TABLE OF CONTENTS

ARTICLE I DEFINITIONS; CONSTRUCTION	1
Section 1.1. Definitions	1
Section 1.2. Accounting Terms and Determination	10
Section 1.3. Terms Generally	11
ARTICLE II AMOUNT AND TERMS OF THE COMMITMENTS	11
Section 2.1. Revolving Loans	11
Section 2.2. Procedure for Revolving Borrowings	11
Section 2.3. [Reserved]	11
Section 2.4. Funding of Borrowings	11
Section 2.5. Optional Reduction and Termination of Commitments	12
Section 2.6. Evidence of Indebtedness	12
Section 2.7. Repayment of Loans	12
Section 2.8. Mandatory Prepayments of Loans	12
Section 2.9. Interest on Loans	13
Section 2.10. Fees	13
Section 2.11. Additional Costs	13
Section 2.12. Inability to Determine Index	13
Section 2.13. Default Rate	14
ARTICLE III Benchmark replacement	14
Section 3.1. Benchmark Replacement	14
Section 3.2. Benchmark Replacement Conforming Changes	14
Section 3.3. Notices; Standards for Decisions and Determinations	14
Section 3.4. Unavailability of Tenor of Benchmark	15
Section 3.5. Benchmark Unavailability Period	15
Section 3.6. Benchmark Replacement	15
ARTICLE IV CONDITIONS PRECEDENT TO Revolving LOANS	20
Section 4.1. Conditions of Initial Credit Event	20
Section 4.2. Conditions to Each Credit Event	21
ARTICLE V REPRESENTATIONS AND WARRANTIES	21
Section 5.1. Existence; Power	21
Section 5.2. Organizational Power; Authorization	21
Section 5.3. No Conflicts	22
Section 5.4. Financial Statements; No Material Adverse Effect	22
Section 5.5. Litigation and Environmental Matters	22
Section 5.6. Compliance with Laws and Agreements	22
Section 5.7. Governmental Approvals	22
Section 5.8. Investment Company Act	22
Section 5.9. Taxes	23
Section 5.10. Margin Regulations	23
Section 5.11. Ownership of Property; Insurance	23
Section 5.12. Disclosure	23
Section 5.13. Labor Relations	24
Section 5.14. Subsidiaries	24
Section 5.15. Solvency	24

Section 5.16.	Senior Indebtedness under Subordinated Debenture Indentures	24
Section 5.17.	Anti-Corruption Laws and Sanctions	24
ARTICLE VI AFFIRMATIVE COVENANTS		25
Section 6.1.	Financial Statements and Other Information	25
Section 6.2.	Notices of Material Events	25
Section 6.3.	Existence; Conduct of Business	26
Section 6.4.	Compliance with Laws	26
Section 6.5.	Payment of Obligations	26
Section 6.6.	Books and Records	27
Section 6.7.	Visitation and Inspection	27
Section 6.8.	Maintenance of Properties; Insurance	27
Section 6.9.	Use of Proceeds; Margin Regulations	27
Section 6.10.	Casualty and Condemnation	27
Section 6.11.	Governmental Approvals	27
Section 6.12.	Primary Deposit Accounts	28
ARTICLE VII FINANCIAL COVENANTS		28
Section 7.1.	Debt to Capital Ratio	28
ARTICLE VIII NEGATIVE COVENANTS		28
Section 8.1.	Indebtedness and Guarantees	28
Section 8.2.	Liens	28
Section 8.3.	Fundamental Changes	28
Section 8.4.	Investments, Loans	29
Section 8.5.	Restricted Payments	29
Section 8.6.	Transactions with Affiliates	29
Section 8.7.	Restrictive Agreements	29
Section 8.8.	Amendment to Material Documents	29
Section 8.9.	Accounting Changes	30
Section 8.10.	Government Regulation	30
Section 8.11.	Sale of Assets	30
Section 8.12.	Required Insurance Rating	30
ARTICLE IX EVENTS OF DEFAULT		31
Section 9.1.	Events of Default	31
ARTICLE X MISCELLANEOUS		32
Section 10.1.	Notices	32
Section 10.2.	Waiver; Amendments	33
Section 10.3.	Expenses; Indemnification	34
Section 10.4.	Successors and Assigns	35
Section 10.5.	Governing Law; Jurisdiction; Consent to Service of Process	35
Section 10.6.	WAIVER OF JURY TRIAL	36
Section 10.7.	Right of Set-off	36
Section 10.8.	Counterparts; Integration	36
Section 10.9.	Survival	36
Section 10.10.	Severability	37
Section 10.11.	Patriot Act	37

Exhibits

Exhibit A	-	Form of Compliance Certificate
Exhibit B	-	Form of Notice of Borrowing

Schedules

Schedule 5.14	-	Subsidiaries
Schedule 8.1	-	Indebtedness
Schedule 8.2	-	Liens

REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT (this “Agreement”) is made and entered into as of May 12, 2021 (the “Closing Date”), by and between **ATLANTIC AMERICAN CORPORATION**, a Georgia corporation (the “Borrower”), and **TRUIST BANK** (the “Lender”).

The Borrower has requested that the Lender establish a Ten Million and No/100 Dollars (\$10,000,000) revolving credit facility in favor of the Borrower and, subject to the terms and conditions of this Agreement, the Lender is willing to establish the requested revolving credit facility in favor of the Borrower;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Borrower and the Lender agree as follows:

ARTICLE I

DEFINITIONS; CONSTRUCTION

Section 1.1. Definitions. In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

“Acquisition” shall mean, whether, in a single transaction or a series of related transactions and whether by purchase, lease (including any lease that contains upfront payments and/or buyout options), exchange, issuance of stock or other equity or debt securities, merger, reorganization or any other method, (a) any acquisition by the Borrower or any Subsidiary of the Borrower of a majority of the Capital Stock of any other Person which have the ordinary voting power for the election of the board of directors (or equivalent governing body) of such other Person, (b) any acquisition by the Borrower or any Subsidiary of the Borrower of all or substantially all of the assets of any other Person or (c) any other acquisition by the Borrower or any Subsidiary of the Borrower of the assets constituting a business, division, line of business from another Person which acquisition is not in the ordinary course of business for the Borrower or such Subsidiary.

“Affiliate” shall mean, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person. For the purposes of this definition, “Control” shall mean the power, directly or indirectly, either to (i) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of a Person or (ii) direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by control or otherwise. The terms “Controlled by” and “under common Control with” have the meanings correlative thereto.

“American Southern” shall mean American Southern Insurance Company, an insurance company organized under the laws of the State of Kansas.

“Anti-Corruption Laws” shall mean all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Approved Fund” shall mean any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) the Lender, (b) an Affiliate of the Lender or (c) an entity or an Affiliate of an entity that administers or manages the Lender.

“Availability Period” shall mean the period from the Closing Date to but excluding the Revolving Commitment Termination Date.

“Bank Product Obligations” shall mean, collectively, all obligations and other liabilities of the Borrower arising with respect to any Bank Products.

“Bank Products” shall mean any of the following services provided to the Borrower or any of its Subsidiaries by Lender or its Affiliates: (a) any treasury or other cash management services, including deposit accounts, automated clearing house (ACH) origination and other funds transfer, depository (including cash vault and check deposit), zero balance accounts and sweeps, return items processing, controlled disbursement accounts, positive pay, lockboxes and lockbox accounts, account reconciliation and information reporting, payables outsourcing, payroll processing, trade finance services, investment accounts and securities accounts, and (b) card services, including credit cards (including purchasing cards and commercial cards), prepaid cards, including payroll, stored value and gift cards, merchant services processing, and debit card services.

“Bankers Fidelity Life” shall mean Bankers Fidelity Life Insurance Company, an insurance company organized under the laws of the State of Georgia.

“Beneficial Ownership Certification” shall mean a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” shall mean 31 C.F.R. § 1010.230.

“Business Day” shall mean (a) any day other than a Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia are authorized or required by law to close, and (b) solely with respect to Interest Periods applicable to the LIBOR Rate or any Benchmark Replacement (as defined below), a day on which the Bank is open for business and on which dealings in U.S. dollar deposits are carried on in the London Inter-Bank Market.

“Capital Stock” shall mean all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other equity security.

“Change in Control” means the occurrence of one or more of the following events: (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or “group” (within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) other than any Permitted Holder of more than 50% of the outstanding shares of the voting equity interests of the Borrower, or (ii) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals who are Continuing Directors, or (iii) the Borrower shall fail to own, directly or indirectly, beneficially and of record, all of the Capital Stock of both American Southern and Bankers Fidelity Life.

“Code” shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

“Commodity Exchange Act” shall mean the Commodity Exchange Act (7 U.S.C. §1 *et seq.*) (as amended and, together with any successor statute).

“Compliance Certificate” shall mean a certificate from the principal executive officer or the principal financial officer of the Borrower substantially in the form of Exhibit A hereunder.

“Consolidated Capitalization” shall mean the sum of, without duplication, (a) Consolidated Indebtedness and (b) the consolidated stockholders’ equity (determined in accordance with GAAP) of the common and preferred stockholders of the Borrower recorded on the Borrower’s consolidated financial statements.

“Consolidated Indebtedness” shall mean, as of any date of determination, consolidated Indebtedness for the Borrower and its Subsidiaries.

“Continuing Directors” shall mean the members of the Borrower’s board of directors on the Closing Date and each other director nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board at the time of such nomination or election.

“Credit Event” shall mean the making of a Revolving Loan.

“Debt to Capital Ratio” shall mean the ratio of Consolidated Indebtedness to Consolidated Capitalization.

“Default” shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of De-fault.

“Dollar(s)” and the sign “\$” shall mean lawful money of the United States.

“Environmental Laws” shall mean all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters.

“Environmental Liability” shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative oversight, fines, natural resource damages, penalties or indemnities), of the Borrower or any of its Subsidiaries directly or indirectly resulting from or based upon (i) any actual or alleged violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) any actual or alleged exposure to any Hazardous Materials, (iv) the Release or threatened Release of any Hazardous Materials or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and the regulations promulgated and rulings issued thereunder.

“Event of Default” shall have the meaning set forth in Section 9.1.

“Fiscal Quarter” shall mean any fiscal quarter of the Borrower.

“Fiscal Year” shall mean any fiscal year of the Borrower.

“GAAP” shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3.

“Governmental Approval” means any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, or filing of notice, in each case of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

“Governmental Authority” means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” of or by any Person (the “guarantor”) shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith. The term “Guarantee” used as a verb has a corresponding meaning.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money or similar obligation, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding trade accounts payable incurred in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all capital lease obligations of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, and (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. The amount of any Indebtedness of a Person for which recourse is limited to an identified asset or assets of such Person shall be equal to the lesser of (x) the amount of such Indebtedness and (y) the fair market value of such asset or assets. For purposes of this definition, the amount of any Indebtedness represented by a Guaranty shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation, or portion thereof, in respect of which such Guaranty is made (or, if less, the maximum amount of such primary obligation for which such person may be liable, whether singly or jointly, pursuant to the terms of the instrument, agreements or other documents evidencing such Guaranty) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such person is required to perform thereunder) as determined by such person in good faith.

“Interest Payment Date” shall mean the last day of each Interest Period applicable to each Revolving Loan and the Revolving Commitment Termination Date.

“Interest Period” shall mean a period of one (1) month, commencing on an Interest Rate Determination Date, provided that (i) the initial Interest Period may be less than one month, depending on the initial funding date and (ii) no Interest Period shall extend beyond the Revolving Commitment Termination Date.

“Interest Rate Determination Date” shall mean the date the initial Revolving Loan is funded and the first Business Day of each calendar month thereafter.

“Investments” shall have the meaning set forth in Section 8.4.

“IRS” shall mean the United States Internal Revenue Service.

“LIBOR Rate” shall mean the greater of (a) 1.00% per annum, and (ii) that rate per annum effective on any Interest Rate Determination Date which is equal to the quotient of:

(i) the rate per annum equal to the offered USD LIBOR rate for deposits in U.S. dollars for a one (1) month period, which rate appears on that page of Reuters reporting service, or such similar service as determined by the Lender, as of the Reference Time (as defined below); provided, that if no such offered rate appears on such page, the rate used for such Interest Period will be the per annum rate of interest determined by the Lender to be the rate at which U.S. dollar deposits for the Interest Period, are offered to the Lender in the London Inter-Bank Market as of the Reference Time, divided by

(ii) a percentage equal to 1.00 minus the maximum reserve percentages (including any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upward to the next 1/100th of 1%) in effect on any day to which the Lender is subject with respect to any USD LIBOR loan pursuant to regulations issued by the Board of Governors of the Federal Reserve System with respect to eurocurrency funding (currently referred to as “eurocurrency liabilities” under Regulation D). This percentage will be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Lien” shall mean any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of any of the foregoing or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

“Loan Documents” shall mean, collectively, this Agreement, the Revolving Loan Note, all Notices of Revolving Borrowing, all Compliance Certificates, any other promissory notes issued hereunder or evidencing any of the Obligations, and any and all other instruments, agreements, documents and writings executed by the Borrower in connection with any of the Obligations or any of the foregoing.

“**Material Adverse Effect**” shall mean, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, resulting in a material adverse change in, or a material adverse effect on, (i) the business, results of operations, financial condition, assets, or liabilities of the Borrower, or the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform any of its material obligations under the Loan Documents, (iii) the rights and remedies of the Lender under the Loan Documents, taken as a whole, or (iv) the legality, validity or enforceability of any of the Loan Documents.

“**Moody’s**” shall mean Moody’s Investors Service, Inc.

“**Notice of Revolving Borrowing**” shall have the meaning set forth in Section 2.2.

“**Obligations**” shall mean (a) all amounts owing by the Borrower to the Lender pursuant to or in connection with this Agreement or any other Loan Document or otherwise with respect to any Revolving Loan including, without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Lender incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, (b) all hedging obligations owed by the Borrower to the Lender or any Affiliate of the Lender, and (c) all Bank Product Obligations, together with all renew-als, extensions, modifications or refinancings of any of the foregoing.

“**OFAC**” shall mean the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“**OSHA**” shall mean the Occupational Safety and Health Act of 1970, as amended from time to time, and any successor statute.

“**Permitted Holder**” shall mean (a) the estate of J. Mack Robinson, (b) Harriet J. Robinson and her lineal descendants and spouses of her lineal descendants, and Hilton H. Howell, Jr. and his lineal descendants and spouses of his lineal descendants, (c) in the event of the incompetence or death of any of the Persons described in clause (b), such Person’s estate, executor, administrator, committee or other personal representative, (d) any trusts created for the benefit of the Persons described in clause (a) or (b), (e) any Person controlled by any of the Persons described in clause (a), (b), (c) or (d), and (f) any group of Persons (as defined in the Securities Exchange Act of 1934, as amended) in which the Persons described in clause (a), (b), (c), (d) or (e), individually or collectively, control such group.

“**Permitted Indebtedness**” shall mean:

- (i) Indebtedness to the Lender and its Affiliates;
- (ii) Indebtedness issued pursuant to the Subordinated Debenture Indentures and Guarantees by the Borrower in respect thereof, but only so long as the Indebtedness evidenced by this Agreement and the other Loan Documents constitute “Senior Indebtedness” under each such Subordinated Debenture Indenture;
- (iii) Indebtedness existing on the Closing Date and listed on Schedule 8.1, and any permitted refinancings in respect thereof as approved by the Lender in its sole discretion;

(iv) Indebtedness with respect to capital lease obligations (the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP) and Indebtedness incurred in connection with purchase money Indebtedness in an aggregate principal amount not to exceed \$1,000,000 at any time outstanding;

(v) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the ordinary course of business; and

(vi) Indebtedness under performance bonds, surety bonds, release, appeal and similar bonds, statutory obligations or with respect to workers' compensation claims, in each case incurred in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing;

"Permitted Investments" shall mean: (i) direct obligations of, or obligations the principal of and interest on which are unconditionally Guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof; (ii) commercial paper having the highest rating, at the time of acquisition thereof, of S&P or Moody's and in either case maturing within six months from the date of acquisition thereof; (iii) certificates of de-posit, bankers' acceptances and time deposits maturing within 180 days of the date of acquisition thereof issued or Guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States or any state thereof which has a combined capital and surplus and undivided profits of not less than \$500,000,000; (iv) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (i) above and entered into with a financial institution satisfying the criteria described in clause (iii) above; (v) marketable securities that are permitted under the Borrower's investment policy and applicable law, and (vi) mutual funds investing solely in any one or more of the Permitted Investments described in clauses (i) through (v) above.

"Permitted Liens" shall mean:

(i) Liens granted to the Lender or its Affiliates;

(ii) liens arising in the ordinary course of business for obligations other than money borrowed, so long as the assets encumbered by such liens do not have an aggregate value at any time in excess of \$1,000,000;

(iii) Liens in existence on the Closing Date and described on Schedule 8.2, and the replacement, renewal or extension thereof (including Liens incurred, assumed or suffered to exist in connection with any Permitted Indebtedness permitted pursuant to clause (ii) of the definition of "Permitted Indebtedness" (solely to the extent that such Liens were in existence on the Closing Date and described on Schedule 8.2)); provided that the scope of any such Lien shall not be increased, or otherwise expanded, to cover any additional property or type of asset, as applicable, beyond that in existence on the Closing Date, except for products and proceeds of the foregoing;

(iv) Liens for taxes, assessments and other governmental charges or levies (excluding any Lien imposed pursuant to any of the provisions of ERISA or Environmental Laws) (i) not yet due or as to which the period of grace (not to exceed thirty (30) days), if any, related thereto has not expired or (ii) which are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP;

(v) Liens securing the claims of materialmen, mechanics, carriers, warehousemen, processors or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, which (i) are not overdue for a period of more than thirty (30) days, or if more than thirty (30) days overdue, no action has been taken to enforce such Liens and such Liens are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP and (ii) do not, individually or in the aggregate, materially impair the use thereof in the operation of the business of the Borrower or any of its Subsidiaries;

(vi) deposits or pledges made in the ordinary course of business in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance and other types of social security or similar legislation, or to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(vii) encumbrances in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property, which in the aggregate are not substantial in amount and which do not, in any case, detract from the value of such property or impair the use thereof in the ordinary conduct of business;

(viii) banker's Liens, rights of setoff and Liens in favor of financial institutions incurred in the ordinary course of business arising in connection with deposit accounts or securities accounts held at such institutions solely to secure payment of fees and similar costs and expenses;

(ix) Liens arising from the filing of precautionary UCC financing statements relating solely to personal property leased pursuant to operating leases entered into in the ordinary course of business;

(x) Liens securing Indebtedness permitted under clause (iv) of the definition of "Permitted Indebtedness"; provided that (A) such Liens shall be created substantially simultaneously with the acquisition, repair, construction, improvement or lease, as applicable, of the related property, (B) such Liens do not at any time encumber any property other than the property financed or improved by such Indebtedness, (C) the amount of Indebtedness secured thereby is not increased and (D) the principal amount of Indebtedness secured by any such Lien shall at no time exceed one hundred percent (100%) of the original price for the purchase, repair, construction, improvement or lease amount (as applicable) of such property at the time of purchase, repair, construction, improvement or lease (as applicable); and

(ix) Liens securing judgments for the payment of money not constituting an Event of Default under Section 9.1(g) or securing appeal or other surety bonds relating to such judgments.

"Person" shall mean any individual, partnership, firm, corporation, association, joint venture, limited liability company, trust or other entity, or any Governmental Authority.

"Regulation T, U, or X" shall mean Regulation T, Regulation U, or Regulation X of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Related Parties" shall mean, with respect to any specified Person, such Person's Affiliates and the respective managers, administrators, trustees, partners, directors, officers, employees, agents, advisors or other representatives of such Person and such Person's Affiliates.

“Release” shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

“Restricted Payment” shall mean, for any Person, any dividend or distribution on any class of its Capital Stock, or any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement, defeasance or other acquisition of any shares of its Capital Stock, any Indebtedness subordinated to the Obligations or any Guarantee thereof or any options, warrants or other rights to purchase such Capital Stock or such Indebtedness, whether now or hereafter outstanding, or any management or similar fees.

“Revolving Commitment” shall mean the commitment of the Lender to make Revolving Loans to the Borrower in an aggregate principal amount not to exceed Ten Million and No/100 Dollars (\$10,000,000), as such commitment may subsequently be increased or decreased pursuant to the terms hereof.

“Revolving Commitment Termination Date” shall mean the earliest of (i) April 12, 2024, (ii) the date on which the Revolving Commitment is terminated pursuant to Section 2.5 and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise).

“Revolving Credit Exposure” shall mean, at any time, the sum of the outstanding principal amount of the Lender’s Revolving Loans.

“Revolving Loan” shall mean a loan made by the Lender to the Borrower under the Revolving Commitment.

“Revolving Loan Note” shall mean the Revolving Loan Note, dated of even date herewith, made by the Borrower to the Lender in the principal amount of the Revolving Commitment, as the same may be amended, modified, supplemented, or replaced from time to time.

“Sanctioned Country” shall mean, at any time, a country or territory that is, or whose government is, the subject or target of any Sanctions.

“Sanctioned Person” shall mean, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person located, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

“Sanctions” shall mean economic or financial sanctions or trade embargoes administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

“Solvent” shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including subordinated and contingent liabilities, of such Person; (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts and liabilities, including subordinated and contingent liabilities as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that would reasonably be expected to become an actual or matured liability.

“**S&P**” shall mean Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

“**Statutory Accounting Principles**” means, with respect to any insurance company, statutory accounting principles prescribed or permitted by the National Association of Insurance Commissioners and, as applicable, the state department of insurance of the state of domicile of such insurance company for the preparation of financial statements and reports by insurance companies of the same type as such insurance company. .

“**Subordinated Debenture Indentures**” means, collectively, (i) that certain Indenture, dated as of December 4, 2002, by the Borrower, as issuer, and State Street Bank and Trust Company of Connecticut, National Association, as trustee, and (ii) that certain Indenture, dated as of May 15, 2003, by the Borrower, as issuer, and U.S. Bank National Association, as trustee.

“**Subsidiary**” shall mean, with respect to any Person (the “**parent**”) at any date, any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (ii) that is, as of such date, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise indicated, all references to “**Subsidiary**” hereunder shall mean a Subsidiary of the Borrower.

“**Swap Obligation**” shall mean any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“**Taxes**” shall mean any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees, charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Trading with the Enemy Act**” shall mean the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.), as amended and in effect from time to time.

“**UCC**” shall mean the Uniform Commercial Code as in effect in the State of Georgia.

“**United States**” or “**U.S.**” shall mean the United States of America.

Section 1.2. Accounting Terms and Determination. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statements delivered pursuant to Section 6.1(a). Notwithstanding any other provision contained herein, any lease that is (or would have been) treated as an operating lease for purposes of GAAP as of December 31, 2018, shall continue to be treated as an operating lease for purposes of this Agreement regardless of any change in GAAP following December 31, 2018, that would otherwise require such lease to be recharacterized (on a prospective or retroactive basis or otherwise) as a finance lease.

Section 1.3. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. In the computation of periods of time from a specified date to a later specified date, the word “from” shall mean “from and including” and the word “to” shall mean “to but excluding”. Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns, (iii) the words “hereof”, “herein” and “hereunder” and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement and (v) all references to a specific time shall be construed to refer to the time in the city and state of the Lender’s principal office, unless otherwise indicated.

ARTICLE II

AMOUNT AND TERMS OF THE COMMITMENTS

Section 2.1. Revolving Loans. Subject to and upon the terms and conditions herein set forth, (i) the Lender hereby establishes in favor of the Borrower a revolving credit facility pursuant to which the Lender agrees from time to time to make Revolving Loans to the Borrower during the Availability Period in an aggregate principal amount outstanding at any time that will not result in the Lender’s Revolving Credit Exposure exceeding the Lender’s Revolving Commitment. During the Availability Period, the Borrower shall be entitled to borrow, prepay and reborrow Revolving Loans in accordance with the terms and conditions of this Agreement; pro-vided that the Borrower may not borrow or reborrow should there exist a Default or Event of Default.

Section 2.2. Procedure for Revolving Borrowings. The Borrower shall give the Lender written notice (or telephonic notice promptly confirmed in writing) of each Revolving Borrowing (other than Revolving Borrowings pursuant to Section 2.11), substantially in the form of Exhibit B attached hereto (a “Notice of Revolving Borrowing”), prior to 11:00 a.m. one (1) Business Day prior to the requested date of such Credit Event.

Section 2.3. [Reserved].

Section 2.4. Funding of Borrowings. The Lender will make available Revolving Loans to be made by it hereunder on the proposed date by promptly crediting the amount thereof to an account maintained by the Borrower with the Lender or, at the Borrower’s option, by effecting a wire transfer of such amounts to an account designated by the Borrower to the Lender.

Section 2.5. Optional Reduction and Termination of Commitments. Upon at least three (3) Business Days' prior written notice (or telephonic notice promptly confirmed in writing) to the Lender (which notice shall be irrevocable), the Borrower may reduce the Revolving Commitment in part or terminate the Revolving Commitment in whole; provided that no such reduction shall be permitted which would reduce the Revolving Commitment to an amount less than the outstanding Revolving Credit Exposure of the Lender.

Section 2.6. Evidence of Indebtedness. All Revolving Loans hereunder and interest thereon shall be evidenced by the Revolving Loan Note.

Section 2.7. Repayment of Loans. The outstanding principal amount of all Revolving Loans shall be due and payable in full on the Revolving Commitment Termination Date. Accrued and unpaid interest shall be due and payable on each Interest Payment Date. Advances under this Agreement shall be recorded and maintained by the Lender in its internal records and such records shall be conclusive of the principal and interest owed by Borrower unless there is a material error in such records.

Section 2.8. Mandatory Prepayments of Loans.

(a) Revolving Loans. If at any time the aggregate Revolving Credit Exposure of the Lender exceeds the Revolving Commitment, as reduced pursuant to Section 2.5 or otherwise, the Borrower shall immediately repay the Revolving Loans in an amount equal to such excess, together with all accrued and unpaid interest on such excess amount.

(b) [Reserved].

(c) Proceeds of Issuances of Indebtedness. Immediately upon receipt by Borrower or any Subsidiary of any proceeds from any issuance of Indebtedness (other than Indebtedness permitted by Section 8.1) by Borrower or such Subsidiary, Borrower shall prepay the Revolving Loans and the other Obligations in an amount equal to all such proceeds, net of reasonable and customary transaction costs, fees and expenses properly attributable to such transaction and payable by Borrower in connection therewith (in each case, paid to non-Affiliates). Any such prepayment shall be applied in accordance with Section 2.8(f).

(d) Asset Dispositions. Immediately upon receipt by Borrower or any Subsidiary of any proceeds of any sale or disposition by Borrower or any Subsidiary of any of its assets (other than asset sales or dispositions permitted under Section 8.11), Borrower shall prepay the Obligations in an amount equal to all such proceeds, net of commissions and other reasonable and customary transaction costs, fees and expenses properly attributable to such transaction and payable by Borrower in connection therewith (in each case, paid to non-Affiliates). Any such prepayment shall be applied in accordance with Section 2.8(f).

(e) Transfer of Capital Stock or Substantial Assets of American Southern or Bankers Fidelity Life. Immediately upon the consummation of any conveyance, sale, transfer, lease, assignment or other disposition of any portion of the Capital Stock of, or substantially all of the assets of, American Southern or Bankers Fidelity Life, Borrower shall prepay the then outstanding Obligations in their entirety.

(f) Application of Prepayments. Any prepayments made by Borrower pursuant to clause (c) or clause (d) of this Section 2.8 shall be applied as follows: first, to Lender's fees and reimbursable expenses then due and payable pursuant to any of the Loan Documents; second, to interest then due and payable hereunder; and third, to the principal balance of the Revolving Loans, until the same shall have been paid in full.

Section 2.9. Interest on Loans. Except as otherwise provided in this Agreement, the Borrower shall pay interest upon the unpaid principal balance of the outstanding Revolving Loans at the LIBOR Rate plus 2.00%. The interest rate shall remain fixed during each Interest Period based upon the interest rate established on the applicable Interest Rate Determination Date. For avoidance of doubt, upon the replacement of USD LIBOR or any subsequent Benchmark with a Benchmark Replacement (as such terms are defined below), the interest rate shall equal the then-current Benchmark, subject to a minimum or floor rate of 1.00%, plus 2.00%. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Revolving Loan for the day on which the Revolving Loan is made, and shall not accrue on a Revolving Loan, or any portion thereof, for the day on which the Revolving Loan or such portion is paid, provided that any Revolving Loan that is repaid on the same day on which it is made shall bear interest for one day. Each determination by the Lender of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error. Accrued and unpaid interest shall be due and payable on each Interest Payment Date.

Section 2.10. Upfront Fee. The Borrower agrees to pay to the Lender an upfront fee on the Closing Date in the amount of Twenty-Five Thousand and No/100 Dollars (\$25,000), which upfront fee shall be fully-earned on the Closing Date and shall be non-refundable.

Section 2.11. Additional Costs. In the event that any applicable law or regulation, guideline or order or the interpretation or administration thereof by any governmental or regulatory authority charged with the interpretation or administration thereof (whether or not having the force of law) (i) shall change the basis of taxation of payments to the Lender of any amounts payable by the Borrower under this Agreement or any of the Loan Documents (other than taxes imposed on the overall net income of the Lender) or (ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Lender, or (iii) shall impose any other condition with respect to this Agreement or any of the Loan Documents, and the result of any of the foregoing is to increase the cost to the Lender of making or maintaining the Agreement or any of the Loan Documents or to reduce any amount receivable by the Lender under the Agreement or any of the Loan Documents, and the Lender determines that such increased costs or reduction in amount receivable was attributable to USD LIBOR or the then-current Benchmark being used to establish the interest rate hereunder, then the Borrower shall from time to time, upon demand by the Lender, pay to the Lender additional amounts sufficient to compensate the Lender for such increased costs (the “Additional Costs”). A detailed statement as to the amount of such Additional Costs, prepared in good faith and submitted to the Borrower by the Lender, shall be conclusive and binding in the absence of manifest error.

Section 2.12. Inability to Determine Index. In the event Lender determines in its sole discretion on a particular date (the “Determination Date”) that Lender cannot make, fund, or maintain a loan based upon the LIBOR Rate (provided a Benchmark Transition Event has not occurred) or the Benchmark Replacement, as applicable, for any reason, including without limitation illegality or the inability to ascertain or determine said rate on the basis provided for herein, then Lender shall give notice to Borrower of such determination and thereafter will have no obligation to make, fund or maintain a loan based on such index. Upon such Determination Date, the interest rate shall convert to the Standard Rate for purposes of any fundings or advances requested by Borrower and shall apply to any outstanding balance and, thereafter, the interest rate on the Revolving Loans shall adjust simultaneously with any fluctuation in the Standard Rate. In the event Bank determines that the circumstances giving rise to a notice pursuant to this Section have ended, the Bank shall provide notice of same at which time the interest rate will revert to the prior rate based upon the LIBOR Rate (provided a Benchmark Transition Event has not occurred) or the Benchmark Replacement, as applicable, plus the margin over the index described in Section 2.9, subject to any minimum or floor rate provided for in the Loan Documents.

Section 2.13. Default Rate. If any portion of a payment is at least ten (10) days past due, the Borrower agrees to pay a late charge to the Lender equal to 2.00% of the amount which is past due. Unless prohibited by applicable law, the Borrower agrees to pay the fee established by the Lender from time to time for returned checks, wire transfer of funds, or chargeback of an ACH, if a payment is made on this Agreement and is dishonored or is otherwise determined to be uncollectible, whether for insufficient funds or for any other reason, and without regard to the timeliness of the return, chargeback, adjustment, or notice of nonpayment.

ARTICLE III

BENCHMARK REPLACEMENT

Section 3.1. Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then, (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, in connection with a Benchmark Transition Event, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, or in connection with an Early Opt-in Election, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (Atlanta, Georgia) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrower without any amendment to this Agreement or any other Loan Document, or further action or consent of the Borrower.

Section 3.2. Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Lender will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Borrower.

Section 3.3. Notices; Standards for Decisions and Determinations. The Lender will promptly notify the Borrower of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.4 below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Lender pursuant to Article IV, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from the Borrower.

Section 3.4. Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBOR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Lender may modify the definition of “Interest Period” for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Lender may modify the definition of “Interest Period” for all Benchmark settings at or after such time to reinstate such previously removed tenor.

Section 3.5. Benchmark Unavailability Period. Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for an advance based upon USD LIBOR, conversion to or continuation of loans based upon USD LIBOR to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to the Standard Rate. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of Standard Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of Standard Rate.

Section 3.6. Benchmark Replacement. Any term not otherwise defined in this Agreement, including in Section 1 above, shall have the meaning set forth below for purposes of this Agreement.

“**Available Tenor**” shall mean, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 3.4.

“**Benchmark**” shall mean, initially, USD LIBOR; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” shall mean the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.1.

“**Benchmark Replacement**” shall mean, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Lender for the applicable Benchmark Replacement Date:

- (1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;
- (2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(3) the sum of: (a) the alternate benchmark rate that has been selected by the Lender as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated or bilateral credit facilities at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” shall mean, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Lender:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(2) for purposes of clause (3) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Lender for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Lender in its reasonable discretion.

“Benchmark Replacement Conforming Changes” shall mean, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Standard Rate,” the definition of “Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that the Lender decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender decides that adoption of any portion of such market practice is not administratively feasible or if the Lender determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Lender decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Benchmark Replacement Date” shall mean the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein; or

(3) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Borrower.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” shall mean the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” shall mean the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Article IV and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Article IV.

“Corresponding Tenor” with respect to any Available Tenor shall mean, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“Daily Simple SOFR” shall mean, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Lender in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for business loans; provided, that if the Lender decides that any such convention is not administratively feasible for the Lender, then the Lender may establish another convention in its reasonable discretion.

“Early Opt-in Election” shall mean, if the then-current Benchmark is USD LIBOR, the occurrence of:

(1) a determination by the Lender that at least five currently outstanding U.S. dollar-denominated syndicated or bilateral credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate, and

(2) the election by the Lender to trigger a fallback from USD LIBOR and the provision by the Lender of written notice of such election to the Borrower

“**Floor**” shall mean the greater of (a) 1.00% or (b) the Benchmark rate floor, if any, provided for in this Agreement with respect to USD LIBOR.

“**ISDA Definitions**” shall mean the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

“**Reference Time**” with respect to any setting of the then-current Benchmark shall mean (1) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR, the time determined by the Lender in its reasonable discretion.

“**Relevant Governmental Body**” shall mean the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

“**SOFR**” shall mean, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“**SOFR Administrator**” shall mean the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“**SOFR Administrator’s Website**” shall mean the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“**Standard Rate**” shall mean, for any day, a rate per annum equal to the Lender’s announced Prime Rate, and the Interest Rate shall change with each change in the Standard Rate effective on the date any change in the Lender’s Prime Rate is publicly announced as being effective.

“**Term SOFR**” shall mean, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“**Unadjusted Benchmark Replacement**” shall mean the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“**USD LIBOR**” shall mean the London interbank offered rate for U.S. dollars.

Section 3.7. Notice of Benchmark Transition Event. On March 5, 2021, the United Kingdom’s Financial Conduct Authority (FCA), the regulator of LIBOR, announced the final publication date for USD LIBOR is June 30, 2023. This announcement is a Benchmark Transition Event as defined above and this constitutes notice of this event. If the promissory note matures after the final publication date, at the appropriate time the USD LIBOR index will be replaced with the Benchmark Replacement in accordance with the terms of this Addendum. The FCA’s public statement is available at:

<https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>.

ARTICLE IV

CONDITIONS PRECEDENT TO REVOLVING LOANS

Section 4.1. Conditions of Initial Credit Event. The obligation of the Lender to make any initial Revolving Loans under this Agreement is subject to the satisfaction of the following conditions:

(a) The Lender shall have received payment of all fees, expenses and other amounts due and payable on or prior to the Closing Date, in the case of expenses only, to the extent invoiced at least three (3) Business Days prior to the date of initial Revolving Loans;

(b) The Lender (or its counsel) shall have received the following, each to be in form and substance satisfactory to the Lender:

(i) (x) A counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Lender (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement, and (y) the Revolving Loan Note and each other Loan Document, duly executed by each party thereto;

(ii) A certificate of the Secretary or Assistant Secretary of Borrower, attaching and certifying copies of its bylaws and of the resolutions of its board of directors or other equivalent governing body authorizing the execution, delivery and performance of the Loan Documents and certifying the name, title and true signature of each officer of Borrower executing the Loan Documents;

(iii) Certified copies of the articles or certificate of incorporation, of the Borrower, together with certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of the Borrower;

(iv) At least five (5) days prior to the date of this Agreement (or such later date as Lender shall agree to in writing), all documentation and other information required by bank regulatory authorities or reasonably requested by the Lender under or in respect of applicable “know your customer” and anti-money laundering legal requirements including the Patriot Act and, if Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to Borrower;

(v) Certificates of insurance, in form and detail acceptable to the Lender, describing the types and amounts of insurance (property and liability) maintained by the Borrower;

(vi) Evidence reasonably satisfactory to the Lender demonstrating a Debt to Capital Ratio of no greater than 35%; and

(vii) Such other documents, certificates, information or legal opinions as the Lender may reasonably request.

(c) Since December 31, 2020, there shall have been no event or occurrence which has had or could reasonably be expected to have a Material Adverse Effect.

Section 4.2. Conditions to Each Credit Event. The obligation of the Lender to make a Revolving Loan (including any initial Revolving Loans) on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) At the time of and immediately after giving effect to such Borrowing, no Default or Event of Default shall exist;

(b) At the time of and immediately after giving effect to such Borrowing, all representations and warranties of the Borrower set forth in the Loan Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects); and

(c) The Borrower shall have delivered the required Notice of Borrowing.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in this Section.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender as of the Closing Date and as of the date of each Credit Event as follows:

Section 5.1. Existence; Power. The Borrower and each of its Subsidiaries (i) is duly organized, validly existing and in good standing as a corporation, partnership or limited liability company (as applicable) under the laws of the jurisdiction of its organization, (ii) -has all requisite power and authority to carry on its business as now conducted, and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Section 5.2. Organizational Power; Authorization. The execution, delivery and performance by the Borrower of the Loan Documents to which it is a party are within the Borrower's organizational powers and has been duly authorized by all necessary organizational and, if required, shareholder, partner or member action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each other Loan Document to which it is a party, when executed and delivered by the Borrower, will constitute, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 5.3. No Conflicts. The execution, delivery and performance by the Borrower of the Loan Documents to which it is a party (a) does not require any consent or approval of, registration or filing with, or any action by, or any Governmental Approval from, any Governmental Authority, except those as have been obtained or made and are in full force and effect, (b) will not violate any material requirement of law applicable to the Borrower or any of its Subsidiaries or any judgment, order or ruling of any Governmental Authority, (c) will not violate or result in a default under any contractual obligation of the Borrower or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, which in any such case could reasonably be expected to result in an Event of Default, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries, except Liens (if any) created under the Loan Documents.

Section 5.4. Financial Statements; No Material Adverse Effect. All quarterly and annual financial statements provided by the Borrower to the Lender hereunder or in connection herewith fairly present the financial condition of the Borrower and its Subsidiaries as of the dates indicated therein and the results of operations for such periods in conformity with GAAP, consistently applied, subject to year-end audit adjustments and the absence of footnotes in the case of monthly financial statements. Since December 31, 2020, there has been no change which has had or could reasonably be expected to have a Material Adverse Effect.

Section 5.5. Litigation and Environmental Matters.

(a) No litigation, investigation or proceeding of or before any arbitra-tors or Governmental Authorities is pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (ii) which in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document.

(b) Except as could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

Section 5.6. Compliance with Laws and Agreements. The Borrower and each of its Subsidiaries is in compliance with (a) all requirements of law and all judgments, decrees and orders of any Governmental Authority and (b) the Subordinated Debt Debentures, and all other indentures, agreements or other instruments binding upon it or its properties, except where non-compliance, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.7. Governmental Approvals. The Borrower and each of its Subsidiaries has all Governmental Approvals necessary for the ownership of its assets and conduct of its business as presently conducted.

Section 5.8. Investment Company Act. Neither the Borrower nor any of its Subsidiaries is (a) an “investment company” or is “controlled” by an “investment company”, as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended and in effect from time to time, or (b) otherwise subject to any other regulatory scheme limiting its ability to incur debt or requiring any approval or consent from, or registration or filing with, any Governmental Authority in connection therewith.

Section 5.9. Taxes. The Borrower and its Subsidiaries and each other Person for whose taxes the Borrower or any of its Subsidiaries could become liable have timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are re-quired to be filed by them, and have paid all taxes shown to be due and payable on such returns or on any assessments made against it or its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except where the same are currently being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as the case may be, has set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of such taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are anticipated.

Section 5.10. Margin Regulations. None of the pro-ceeds of any of the Revolving Loans will be used, directly or indirectly, for “purchasing” or “carrying” any “margin stock” within the respective meanings of each of such terms under Regulation U in violation of the provisions of Regulation T, Regulation U or Regulation X, or for any purpose that violates the provisions of Regulation T, Regulation U or Regulation X. Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying “margin stock”.

Section 5.11. Ownership of Property; Insurance.

(a) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all of its real and personal property material to the operation of its business, including all such properties reflected in the most recent audited balance sheet of the Borrower delivered to the Lender or purported to have been acquired by the Borrower or any of its Subsidiaries after such date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are material to the business or operations of the Borrower and its Subsidiaries are valid and subsisting and are in full force.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed or otherwise has the right to use, all patents, trademarks, service marks, trade names, copyrights and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe in any material respect on the rights of any other Person.

(c) The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of the Borrower, in such amounts with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or any applicable Subsidiary operates.

Section 5.12. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments, and corporate or other restrictions to which the Borrower or any of its Subsidiaries is subject, and all other matters known to any of them, that, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to the Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole in light of the circumstances under which they were made, not misleading; provided that, with respect to any projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time, it being understood that projections by their nature are uncertain and no assurance is given that the results reflected in such projections will be achieved. As of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

Section 5.13. Labor Relations. There are no strikes, lockouts or other material labor disputes or grievances against the Borrower or any of its Subsidiaries, or, to the Borrower’s knowledge, threatened against or affecting the Borrower or any of its Subsidiaries, and no significant unfair labor practice charges or grievances are pending against the Borrower or any of its Subsidiaries, or, to the Borrower’s knowledge, threatened against any of them before any Governmental Authority. All payments due from the Borrower or any of its Subsidiaries pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of the Borrower or any such Subsidiary, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.14. Subsidiaries. All of the Subsidiaries of the Borrower as of the Closing Date are listed on Schedule 5.14 attached hereto. All of the authorized, issued and outstanding Capital Stock of each of each such Subsidiaries is owned by the Person or Persons as is set forth on Schedule 5.14 attached hereto. There are no pre-emptive or other outstanding rights, options, warrants, conversion rights or other similar agreements or understandings for the purchase or acquisition of any Capital Stock of any Subsidiary of Borrower.

Section 5.15. Solvency. After giving effect to the execution and delivery of the Loan Documents and the making of any Revolving Loans under this Agreement, (i) each of the Borrower, American Southern and Bankers Fidelity Life is Solvent, and (b) the Borrower and its Subsidiaries, taken as a whole, are Solvent.

Section 5.16. Senior Indebtedness under Subordinated Debenture Indentures. All of the Obligations constitute “Senior Indebtedness”, as such term is defined in each of the Subordinated Debenture Indentures.

Section 5.17. Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance in all material respects by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective directors, officers and employees and to the knowledge of the Borrower its agents, are in compliance with Anti-Corruption Laws and applicable Sanctions. None of (a) the Borrower, any Subsidiary or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facilities established hereby, is a Sanctioned Person. No Borrowing, use of proceeds or other contemplated hereby will violate Anti-Corruption Laws or applicable Sanctions by Borrower or any other party hereto.

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that so long as the Lender has a Revolving Commitment hereunder or any Obligation remains unpaid or outstanding:

Section 6.1. Financial Statements and Other Information. The Borrower will deliver to the Lender:

(a) as soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year of the Borrower, a copy of the annual audited report for such Fiscal Year for the Borrower and its Subsidiaries, containing consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of the Borrower and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and reported on by independent public accountants acceptable to the Lender (without a "going concern" or like qualification, exception or explanation and without any qualification or exception as to the scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of the Borrower and its Subsidiaries for such Fiscal Year on a consolidated basis in accordance with GAAP and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(b) as soon as available and in any event within forty five (45) days after the end of each Fiscal Quarter of the Borrower, an unaudited, internally-prepared, consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and the related unaudited consolidated statements of income (specifying, among other things, depreciation and interest expense) of the Borrower and its Subsidiaries for such Fiscal Quarter and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding Fiscal Quarter and the corresponding portion of the Borrower's previous Fiscal Year;

(c) as soon as available and in any event within forty five (45) days after the end of each Fiscal Quarter of the Borrower, a Compliance Certificate signed by the principal executive officer or the principal financial officer of the Borrower (i) certifying as to whether there exists a Default or Event of Default on the date of such certificate and, if a Default or an Event of Default then exists, specifying the details thereof and the action which the Borrower has taken or proposes to take with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating compliance with the financial covenants set forth in Article VII, (iii) specifying any change in the identity of the Subsidiaries as of the end of such Fiscal Quarter from the Subsidiaries identified to the Lender on the Closing Date or the date of the most recent Compliance Certificate, as applicable, and (v) stating whether any change in GAAP or the application thereof has occurred since the Closing Date or the date of the most recent Compliance Certificate, as applicable, and, if any change has occurred, specifying the effect of such change on the financial statements accompanying such Compliance Certificate; and

(d) promptly following any request therefor, such other information regarding the results of operations, business affairs and financial condition of the Borrower or any of its Subsidiaries as the Lender may reasonably request.

Section 6.2. Notices of Material Events. The Borrower will furnish to the Lender prompt written notice of the following:

(a) the occurrence of any Default or Event of Default;

(b) the filing or commencement of, or any material development in, any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of the Borrower, affecting the Borrower or any of its Subsidiaries;

(c) the occurrence of any event or any other development by which the Borrower or any of its Subsidiaries (i) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) becomes subject to any Environmental Liability, (iii) receives notice of any claim with respect to any Environmental Liability, or (iv) becomes aware of any basis for any Environmental Liability;

(d) the occurrence of any default or event of default, or the receipt by the Borrower or any of its Subsidiaries of any written notice of an alleged default or event of default, with respect to any Indebtedness of the Borrower or any of its Subsidiaries in a principal amount in excess of \$1,000,000;

(e) promptly and in any event at least five (5) Business Days prior thereto, notice of any change (i) in the Borrower's legal name, (ii) in the Borrower's chief executive office, its principal place of business, any office in which it maintains books or records, (iii) in the Borrower's identity or legal structure, (iv) in the Borrower's federal taxpayer identification number or organizational number, (v) in the Borrower's jurisdiction of organization;

(f) any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification;

(g) copies of any notices received by the Borrower pursuant to or in connection with either of the Indentures to the extent such notice relates to the occurrence of a breach, default or other act on non-compliance with respect to either such Indenture, or to any payments or payment terms of the debentures issued thereunder; and

(h) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice or other document delivered under this Section shall be accompanied by a written statement of an officer of the Borrower setting forth the details of the event or development requiring such notice or other document and any action taken or proposed to be taken with respect thereto.

Section 6.3. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and its respective rights, licenses, permits, privileges, fran-chises, patents, copyrights, trademarks and trade names material to the conduct of its business; provided that nothing in this Section shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 8.3.

Section 6.4. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and requirements of any Governmental Authority applicable to its business and properties, including, without limitation, all Environmental Laws, ERISA and OSHA and all requirements of any Governmental Approvals material to the Borrower and its Subsidiaries and their respective businesses, except in each case where the failure to so comply could not reasonably be expected to result in a Material Adverse Effect.

Section 6.5. Payment of Taxes. The Borrower will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity or when due all of taxes, assessments and other governmental charges, levies and all other claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 6.6. Books and Records. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of the Borrower in conformity with GAAP.

Section 6.7. Visitation and Inspection. The Borrower will, and will cause each of its Subsidiaries to, permit any representative of the Lender to visit and inspect its properties, to examine its books and records and to make copies and take ex-tracts therefrom, and to discuss its affairs, finances and ac-counts with any of its officers and with its independent certified public accountants, all at such reasonable times during normal business hours (or at any time during the existence of an Event of Default) and as of-ten as the Lender may reasonably request after rea-sonable prior notice to the Borrower; provided that if an Event of Default has occurred and is continuing, no prior notice shall be required; provided, further, that so long as no Event of Default then exists, the Lender shall be limited to one such visit during each Fiscal Year of the Borrower.

Section 6.8. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, (b) maintain with financially sound and reputable insurance companies which are not Affiliates of the Borrower insurance with respect to its prop-erties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations (including, in any event, flood insurance if requested by the Lender), and will, upon request of the Lender, furnish to the Lender at reasonable intervals a certificate of an officer of the Borrower setting forth the nature and extent of all insurance maintained by the Borrower and its Subsidiaries in accordance with this Section, and (c) at all times shall name the Lender as additional insured on all liability policies of the Borrower and its Subsidiaries.

Section 6.9. Use of Proceeds; Margin Regulations. The Borrower will use the proceeds of all Revolving Loans for working capital needs and for other general corporate purposes of the Borrower and its Subsidiaries. No part of the proceeds of any Revolving Loan will be used, whether directly or indirectly, for any purpose that would violate any rule or regulation of the Board of Governors of the Federal Reserve System, including Regulation T, Regulation U or Regulation X. The Borrower will not request any Borrowing, and the Borrower shall not use, and the Borrower shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

Section 6.10. Casualty and Condemnation. The Borrower will furnish to the Lender prompt written notice of any casualty or other insured damage to any material portion of any assets of the Borrower or the commencement of any action or preceding for the taking of any material portion of any assets of the Borrower or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding.

Section 6.11. Governmental Approvals. The Borrower shall, and shall cause its Subsidiaries to, obtain and keep in full force and effect, all of the material Governmental Approvals necessary for the performance by Borrower and its Subsidiaries of their respective businesses and obligations, including the obligations of the Borrower under the Loan Documents.

Section 6.12. Primary Deposit Accounts. Borrower shall, and shall cause its Subsidiaries to, maintain with Lender all of their primary deposit accounts.

ARTICLE VII

FINANCIAL COVENANTS

The Borrower covenants and agrees that so long as the Lender has a Revolving Commitment hereunder or any Obligation remains unpaid or outstanding:

Section 7.1. Debt to Capital Ratio. The Borrower will not permit, at any time, Consolidated Indebtedness at such time to exceed 35% of Consolidated Capitalization at such time. Borrower shall demonstrate compliance with such requirement quarterly.

ARTICLE VIII

NEGATIVE COVENANTS

The Borrower covenants and agrees that so long as the Lender has a Revolving Commitment hereunder or any Obligation remains outstanding:

Section 8.1. Indebtedness and Guarantees. The Borrower will not create, incur, assume or suffer to exist any Indebtedness or any Guarantees or endorsements of any Indebtedness, except Permitted Indebtedness.

Section 8.2. Liens. The Borrower will not create, incur, assume or permit any Lien on any of its assets, except Permitted Liens.

Section 8.3. Fundamental Changes.

(a) The Borrower will not, and will not permit any of its Subsidiaries to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with any such Person, or acquire all or substantially all of the Capital Stock or property of another Person, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all or substantially all of any of their respective assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of any of their Subsidiaries (in each case, whether now owned or hereafter acquired) or liquidate or dissolve, other than: (i) a merger or consolidation among the Borrower and one or more of its Subsidiaries, provided that the Borrower is the surviving corporation, or (ii) a merger or consolidation solely between or among two or more Subsidiaries of the Borrower, provided that if American Southern or Bankers Fidelity Life is involved in such merger or consolidation, American Southern or Bankers Fidelity Life, as applicable, is the surviving corporation, or (iii) in connection with an Acquisition permitted hereunder effected by a merger in which the Borrower, American Southern, Bankers Fidelity Life or, in a merger in which the Borrower, American Southern or Bankers' Fidelity Life is not a party, a Subsidiary of the Borrower is the surviving entity, or (iv) the liquidation or dissolution of any Subsidiary of the Borrower (other than American Southern or Bankers Fidelity Life) so long as either (A) such Subsidiary owns no assets at the time of such liquidation or dissolution or (B) any assets owned by such Subsidiary are transferred to the Borrower or another Subsidiary prior to such liquidation or dissolution.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date hereof and businesses reasonably related or ancillary thereto.

Section 8.4. Investments, Loans. The Borrower will not purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Subsidiary prior to such merger) any Capital Stock, evidence of Indebtedness or other securities (including any option, warrant, or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person (all of the foregoing being collectively called “Investments”), or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person that constitute a business unit, except: (a) Permitted Investments; (b) Guarantees permitted by Section 8.1; (c) Acquisitions in an aggregate amount not to exceed \$10,000,000 during the term of this Agreement, so long as at the time of any such Acquisition, no Default or Event of Default then exists and the Borrower is in compliance with the covenant set forth in Section 7.1 on a pro forma compliance, after giving effect to such Acquisition; (d) advances made to insurance agents in the ordinary course of business; (e) deposits required by government agencies and public utilities; (f) Investments by the Borrower in its wholly-owned Subsidiaries; (g) Investments made by the Borrower in the Statutory Trust I or the Statutory Trust II in connection with the Subordinated Debenture Indentures; and (h) additional Investments in an aggregate outstanding amount not to exceed \$5,000,000.

Section 8.5. Restricted Payments. The Borrower will not declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except: (i) dividends payable by the Borrower solely in interests of any class of its common equity, and (ii) so long as no Default or Event of Default then exists or would result therefrom, cash dividends, distributions and equity redemptions paid on the common or preferred equity of the Borrower.

Section 8.6. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except: (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm’s-length basis from unrelated third parties; (b) transactions between or among the Borrower and any Subsidiary not involving any other Affiliates; and (c) any Restricted Payment permitted by Section 8.5.

Section 8.7. Restrictive Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower to create, incur or permit any Lien upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any of its Subsidiaries to pay dividends or other distributions with respect to its Capital Stock, to make or repay loans or advances to the Borrower or any other Subsidiary thereof, to Guarantee Indebtedness of the Borrower or any other Subsidiary thereof or to transfer any of its prop-erty or assets to the Borrower or any other Subsidiary thereof; provided that the foregoing shall not apply to (x) restrictions or conditions imposed by law or by this Agreement or any other Loan Document or any other agreement with the Lender or any of its Affiliates, and (y) restrictions and conditions contained in any agreement relating to Indebtedness or other obligations secured by Liens permitted under this Agreement if such restrictions and conditions apply only to the property or assets subject to such Liens.

Section 8.8. Amendment to Material Documents. The Borrower will not amend, modify or waive any of its rights under its certificate of incorporation, bylaws or other organizational documents, or either of the Subordinated Debenture Indentures, in any such case in any manner that would have a material and adverse effect on the Lender, the Borrower or any of its Subsidiaries.

Section 8.9. Accounting Changes. The Borrower will not, and will not permit any of its Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP or Statutory Accounting Principles, or change the fiscal year of the Borrower or of any of its Subsidiaries, except to change the fiscal year of a Subsidiary to conform its fiscal year to that of the Borrower.

Section 8.10. Government Regulation. The Borrower will not, and will not permit any of its Subsidiaries to, (a) be or become subject at any time to any law, regulation or list of any Governmental Authority of the United States (including, without limitation, the OFAC list) that prohibits or limits the Lender from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower, or (b) fail to provide documentary and other evidence of the identity of the Borrower as may be requested by the Lender at any time to enable the Lender to verify the identity of the Borrower or to comply with any applicable law or regulation, including, without limitation, Section 326 of the Patriot Act at 31 U.S.C. Section 5318.

Section 8.11. Sale of Assets. The Borrower will not, and will not permit any of its Subsidiaries to, convey, sell, lease, assign, transfer or otherwise dispose of any of its assets, business or property or, in the case of any Subsidiary, any shares of such Subsidiary's Capital Stock, in each case whether now owned or hereafter acquired, to any Person other than the Borrower (or to qualify directors if required by applicable law), except (a) the sale or other disposition for fair market value of obsolete or worn out property or other property not necessary for operations disposed of in the ordinary course of business, (b) the sale of inventory and Permitted Investments in the ordinary course of business, (c) the sale or other disposition of assets of a Subsidiary of the Borrower to another wholly-owned Subsidiary of the Borrower, and (d) the sale or other disposition of assets so long as the Borrower or such Subsidiary receives not less than fair market value for such assets and at least 75% of the consideration received in connection with such sale or other disposition is in the form of cash; provided, that in the case of any conveyance, sale, lease, assignment transfer or other disposition of any portion of the Capital Stock of American Southern or Bankers Fidelity Life or any substantial portion of the assets of either of American Southern or Bankers Fidelity Life, then the Borrower shall immediately upon the consummation thereof repay the then outstanding Obligations in their entirety, and notwithstanding anything contained herein to the contrary, the Borrower may not thereafter reborrow any Revolving Loans without the prior written consent of the Lender.

Section 8.12. Required Insurance Rating. The Borrower shall not cause or permit, at any time during the term of this Agreement, either (a) the AM Best financial strength rating of American Southern to be lower than "A", (b) the AM Best financial strength rating of Bankers Fidelity Life to be lower than "A-", or (c) the AM Best long term issuer credit rating of the Borrower to be lower than "bbb-".

Section 8.13. Suspension or Cessation of Business Activities. The Borrower will not, and will not permit American Southern or Bankers Fidelity Life to, cease or suspend its usual business activities for more than three (3) consecutive Business Days.

EVENTS OF DEFAULT

Section 9.1. Events of Default. If any of the following events (each, an “Event of Default”) shall occur:

(a) the failure by the Borrower to pay, whether by acceleration or otherwise, (i) any interest or fees owed under this Agreement or the Revolving Loan Note when due and such failure shall continue unremedied for a period of five (5) days thereafter or (ii) any principal amount owed under this Agreement or the Revolving Loan Note when due; or

(b) any representation or warranty of the Borrower contained in this Agreement, any other Loan Document or any other agreement with the Lender or any of its Affiliates shall prove to be incorrect in any material respect at the time it was made (other than any representation or warranty that is expressly qualified by a material adverse effect or other materiality, in which case such representation or warranty shall prove to be incorrect in any respect); or

(c) the Borrower shall (i) fail to observe or perform any covenant, obligation or agreement contained in Section 6.2, 6.3, 6.4, 6.5, 6.9, 6.11, 6.12, Article VII, Article VIII of this Agreement or (ii) fail to observe or perform any other covenant, obligation or agreement contained in this Agreement or in any other Loan Document and such failure shall continue unremedied for a period of more than thirty (30) days after the earlier to occur of notice thereof from the Lender to the Borrower and Borrower becoming aware of such failure; or

(d) [reserved]; or

(e) [reserved]; or

(f) a Change in Control shall occur or exist; or

(g) the Borrower or any of its Subsidiaries shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or any of its Subsidiaries or any substantial part of the Borrower’s or any of its Subsidiaries’ property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this section (i), (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or such Subsidiary or for a substantial part of the Borrower’s or such Subsidiary’s assets, (iv) file an answer admitting the material allegations of a petition filed against the Borrower or such Subsidiary in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing; or

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any of its Subsidiaries or the Borrower or such Subsidiary’s debts, or any substantial part of the Borrower’s or such Subsidiary’s assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or any of its Subsidiaries or for a substantial part of the Borrower’s or such Subsidiary’s assets, and in any such case, such proceeding or petition shall remain undismissed for a period of sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) the entry of a judgment, award or order against the Borrower or any of its Subsidiaries either (i) in excess of \$500,000 individually or in the aggregate, or (ii) results in or could reasonably be expected to result in a Material Adverse Effect, which in each case remains unstayed, unsatisfied or unbonded for sixty (60) days following the issuance of such judgment, award or order, or the issuance or service of any attachment, levy or garnishment, in each case with respect to amounts in excess of \$500,000 individually or in the aggregate against the Borrower or any of its Subsidiaries or the property of the Borrower or any of its Subsidiaries or the repossession or seizure of property of the Borrower or any of its Subsidiaries valued in excess of \$500,000 individually or in the aggregate; or

(j) there shall occur or exist any breach or default or other event under any agreement to which Borrower or any of its Subsidiaries is a party with a third party or parties, either (x) resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness or to require the repurchase, redemption or prepayment of such Indebtedness, in any such case in an amount in excess of \$500,000 individually or in the aggregate, or (y) that otherwise could reasonably be expected to result in a Material Adverse Effect;

then, and in every such event (other than an event with respect to the Borrower or any of its Subsidiaries described in subsection (g) or (h) of this Section) and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take any or all of the follow-ing actions, at the same or different times: (i) terminate the Revolving Commitment, whereupon the Revolving Commitment of the Lender shall terminate immediately, (ii) declare the principal of and any accrued interest on the Revolving Loans, and all other Obligations owing hereunder, to be, whereupon the same shall become, due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, (iii) exercise all remedies contained in any other Loan Document, and (iv) exercise any other remedies available at law or in equity; provided that, if an Event of Default specified in either subsection (g) or (h) shall occur, the Revolving Commitment shall automatically terminate and the principal of the Revolving Loans then outstanding, together with accrued interest thereon, and all fees and all other Obligations shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

In addition, upon the occurrence and during the continuance of any Event of Default, Lender is hereby authorized to provide any notices it deems necessary or appropriate in its sole discretion to protect, preserve and exercise the rights of a holder of “Senior Indebtedness” under either or both of the Subordinated Debenture Indentures.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices.

(i) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by e-mail or telecopy, as follows:

To the Borrower:	Atlantic American Corporation 4370 Peachtree Road, NE Atlanta, Georgia 30319 Attention: J. Ross Franklin E-Mail: rfranklin@atlam.com
------------------	--

To the Lender:	Truist Bank 303 Peachtree Street 5 th Floor Atlanta, Georgia 30308 Attention: Richard Carswell E-Mail: RCarswell@BBandT.com
----------------	--

Any party hereto may change its address, e-mail address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall be effective upon actual receipt by the relevant Person or, if delivered by overnight courier service, upon the first Business Day after the date deposited with such courier service for overnight (next-day) delivery or, if sent by e-mail, upon transmission with a “return receipt requested” or similar function, or, if sent by telecopy, upon transmittal in legible form by facsimile machine or, if mailed, upon the third Business Day after the date deposited into the mail or, if delivered by hand, upon delivery; provided that notices delivered to the Lender shall not be effective until actually received by the Lender at its address specified in this Section.

(ii) Any agreement of the Lender herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Lender shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Lender shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Lender in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Revolving Loans and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Lender to receive written confirmation of any telephonic or facsimile notice or the receipt by the Lender of a confirmation which is at variance with the terms understood by the Lender to be contained in any such telephonic, e-mail or facsimile notice.

Section 10.2. Waiver; Amendments.

(a) No failure or delay by the Lender in exercising any right or power hereunder or under any other Loan Document, and no course of dealing between the Borrower and the Lender, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Lender hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or of any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Revolving Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) No amendment or waiver of any provision of this Agreement or of the other Loan Documents, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Lender, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 10.3. Expenses; Indemnification.

(a) The Borrower shall pay (i) all reasonable, out-of-pocket costs and expenses of the Lender and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Lender and its Affiliates, in connection with the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated), including the reasonable fees, charges and disbursements of counsel for the Lender and its Affiliates, and (ii) all out-of-pocket costs and expenses (including, without limitation, the reasonable fees, charges and disbursements of outside counsel and the allocated cost of inside counsel) incurred by the Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section.

(b) The Borrower shall indemnify the Lender and each Related Party of the Lender (each such Person being called an “Indemnatee”) against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnatee), and shall indemnify and hold harmless each Indemnatee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnatee, incurred by any Indemnatee or asserted against any Indemnatee by any third party or by the Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Revolving Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from (x) the gross negligence or willful misconduct of such Indemnatee or (y) a claim brought by the Borrower against an Indemnatee for breach in bad faith of such Indemnatee’s obligations hereunder or under any other Loan Document.

(c) The Borrower shall pay, and hold the Lender harmless from and against, any and all present and future stamp, documentary, and other similar taxes with respect to this Agreement and any other Loan Documents, any collateral described therein or any payments due thereunder, and save the Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated therein, any Revolving Loan or the use of proceeds thereof; provided, that nothing in this clause (d) shall relieve the Borrower of any obligation it may have to indemnify any Indemnatee against special, indirect, consequential or punitive damages asserted against such Indemnatee by a third party.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

Section 10.4. Successors and Assigns.

(a) This Agreement shall apply to and bind the Borrower's successors and permitted assigns and shall inure to the benefit of the Lender and its successors and assigns. Notwithstanding the foregoing, the Borrower shall not assign the Borrower's rights or obligations under this Agreement or the other Loan Documents without the Lender's prior written consent.

(b) The Lender may, at any time, sell, transfer or assign this Agreement and any of the other Loan Documents, and any or all servicing rights with respect thereto, or grant participations therein or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (the "Securities"); provided that the sale, transfer or assignment of this Agreement and the other Loan Documents shall require the prior written consent of the Borrower, such consent not to be unreasonably withheld, conditioned or delayed; provided, further that notwithstanding the foregoing, no such consent of the Borrower shall be required if (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to an Affiliate of the Lender or an Approved Fund of the Lender. The Lender may forward to each purchaser, transferee, assignee, servicer, participant, or investor in such Securities or any Rating Agency (as hereinafter defined) rating such Securities (collectively, the "Investor") and each prospective Investor, all documents and information which the Lender now has or may hereafter acquire relating to the Borrower, any loan to the Borrower, any guarantor or the property, whether furnished by the Borrower, any guarantor or otherwise, as the Lender determines necessary or desirable. The term "Rating Agency," shall mean each statistical rating agency that has assigned a rating to the Securities.

Section 10.5. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of Georgia.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Northern District of Georgia, and of the Business Case Division of the Fulton County Superior Court located in Atlanta, Georgia, and of any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such District Court or the Fulton County Superior Court or, to the extent permitted by applicable law, such appellate court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in subsection (b) of this Section and brought in any court referred to in subsection (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.6. WAIVER OF JURY TRIAL. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.7. Right of Set-off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, the Lender shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Borrower at any time held or other obligations at any time owing by the Lender to or for the credit or the account of the Borrower against any and all Obligations held by the Lender, irrespective of whether the Lender shall have made demand hereunder and although such Obligations may be unmatured. The Lender agrees promptly to notify the Borrower after any such set-off and any application made by the Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.8. Counterparts; Integration. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the other Loan Documents, constitute the entire agreement among the parties hereto and thereto and their affiliates regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters. Delivery of an executed counterpart to this Agreement or any other Loan Document by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

Section 10.9. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates, reports, notices or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the other Loan Documents and the making of any Revolving Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Revolving Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Revolving Commitment has not expired or terminated. The provisions of Section 10.3 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Revolving Loans, the expiration or termination of the Revolving Commitment or the termination of this Agreement or any provision hereof.

Section 10.10. Severability. Any provision of this Agreement -or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.11. Patriot Act. The Lender hereby notifies the Borrower that, (a) pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Patriot Act, and (b) pursuant to the Beneficial Ownership Regulation, it is required to obtain a Beneficial Ownership Certification.

Section 10.12. Maximum Rate. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Revolving Loan, together with all fees, charges and other amounts which may be treated as interest on such Revolving Loan under applicable law (collectively, the “Charges”), shall exceed the maximum lawful rate of interest (the “Maximum Rate”) which may be contracted for, charged, taken, received or reserved by the Lender in accordance with applicable law, the rate of interest payable in respect of such Revolving Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Revolving Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to the Lender in respect of other Revolving Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Standard Rate to the date of repayment (to the extent permitted by applicable law), shall have been received by the Lender.

[Remainder of page intentionally blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

Borrower:

ATLANTIC AMERICAN CORPORATION

By: /s/ J. Ross Franklin
Name: J. Ross Franklin
Title: Vice President, Chief Financial Officer And Secretary

Lender:

TRUIST BANK

By: /s/ Richard E. Carswell
Name: Richard E. Carswell
Title: Senior Vice President

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Hilton H. Howell, Jr., certify that:

1. I have reviewed this report on Form 10-Q of Atlantic American Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2021

/s/ Hilton H. Howell, Jr.
Hilton H. Howell, Jr.
President and Chief Executive Officer

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Ross Franklin, certify that:

1. I have reviewed this report on Form 10-Q of Atlantic American Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2021

/s/ J. Ross Franklin
J. Ross Franklin
Vice President and
Chief Financial Officer

Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Atlantic American Corporation (the “Company”) for the quarterly period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies, that, to such officer’s knowledge:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: August 10, 2021

/s/ Hilton H. Howell, Jr.
Hilton H. Howell, Jr.
President and Chief Executive Officer

Date: August 10, 2021

/s/ J. Ross Franklin
J. Ross Franklin
Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
