

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

Commission file number 0-3722

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Atlantic American Corporation
401(k) Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Atlantic American Corporation
4370 Peachtree Road, N.E.
Atlanta, Georgia 30319

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

The following exhibits are filed herewith:

Exhibit 99.1: Financial Statements and Schedules as of December 31, 1997 and 1996 together with auditor's report.

Exhibit 99.2: Consent of Arthur Andersen LLP

SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Atlantic American Corporation
401(k) Retirement Savings Plan

(Name of Plan)

Date: July 15, 1997

Edward L. Rand, Jr.

Vice President - Treasurer

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Administrative Committee of the
Atlantic American Corporation 401(k)
Retirement Savings Plan:

We have audited the accompanying financial statements of the ATLANTIC AMERICAN CORPORATION 401(k) RETIREMENT SAVINGS PLAN as of December 31, 1997 and 1996 and for the year ended December 31, 1997, as listed in the accompanying table of contents. These financial statements and the schedules referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Atlantic American Corporation 401(k) Retirement Savings Plan as of December 31, 1997 and 1996 and the changes in its net assets available for benefits for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and reportable transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen, LLP
Atlanta, Georgia
June 26, 1998

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

FINANCIAL STATEMENTS AND SCHEDULES
DECEMBER 31, 1997 AND 1996

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ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 1997 AND 1996

	1997	1996

ASSETS:		
Cash	\$ 17,607	\$ 28,963
Investments, at market value:		
Participant-directed:		
Common stock--Atlantic American Corporation	795,012	433,926
INVESCO Cash Reserves Fund	411,740	426,508
INVESCO Industrial Income Fund	627,177	415,985
INVESCO Intermediate Government Bond Fund	289,584	299,669
INVESCO Total Return Fund	775,377	539,575
INVESCO Dynamics Fund	849,528	644,193
Nonparticipant-directed:		
Common stock--Atlantic American Corporation	141,309	51,376
Participant loans	19,593	1,240
NET ASSETS AVAILABLE FOR BENEFITS	\$3,926,927	\$2,841,435
	=====	

The accompanying notes are an integral part of these statements.

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1997

	Nonparticipant-		Participant-Directed							Loan Fund	Total
	Directed Atlantic American Corporation Common Stock	Atlantic American Corporation Common Stock	INVESCO Cash Reserves Fund	INVESCO Industrial Income Fund	INVESCO Intermediate Government Bond Fund	INVESCO Total Return Fund	INVESCO Dynamics Fund	Other			
ADDITIONS:											
Participant contributions	\$ 0	\$ 19,196	\$ 6,029	\$ 75,952	\$ 13,167	\$ 62,696	\$ 79,621	\$ 0	\$ (3,311)	\$253,350	
Employer contributions	36,705	55,137	0	0	0	0	0	14,400	0	106,242	
Total contributions	36,705	74,333	6,029	75,952	13,167	62,696	79,621	14,400	(3,311)	359,592	
Net appreciation (depreciation) in fair market value of investments	50,541	310,110	135	47,190	2,017	118,541	59,484	0	0	588,018	
Interest and dividend income	0	0	19,096	74,434	14,892	31,006	102,079	0	0	241,507	
Total additions	87,246	384,443	25,260	197,576	30,076	212,243	241,184	14,400	(3,311)	1,189,117	
DEDUCTIONS:											
Benefit payments to participants	(1,547)	(10,969)	(10,841)	(18,638)	(7,354)	(23,372)	(18,001)	(9,853)	0	(100,575)	
Participant loans	0	(3,611)	(514)	(5,072)	(470)	(3,209)	(11,563)	(275)	21,664	(3,050)	
Total deductions	(1,547)	(14,580)	(11,355)	(23,710)	(7,824)	(26,581)	(29,564)	(10,128)	21,664	(103,625)	
TRANSFERS BETWEEN FUNDS	4,234	(8,777)	(28,673)	37,326	(32,337)	50,140	(6,285)	(15,628)	0	0	
NET INCREASE (DECREASE)	89,933	361,086	(14,768)	211,192	(10,085)	235,802	205,335	(11,356)	18,353	1,085,492	
NET ASSETS AVAILABLE FOR BENEFITS:											
Beginning of year	51,376	433,926	426,508	415,985	299,669	539,575	644,193	28,963	1,240	2,841,435	
End of year	\$141,309	\$795,012	\$411,740	\$627,177	\$289,584	\$775,377	\$849,528	\$17,607	\$19,593	\$3,926,927	

The accompanying notes are an integral part of this statement.

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS AND SCHEDULES

DECEMBER 31, 1997 AND 1996

1. PLAN DESCRIPTION

General

The Atlantic American Corporation 401(k) Retirement Savings Plan (the "Plan") is a defined contribution plan established by the Atlantic American Corporation (the "Company") under the provisions of Section 401(a) of the Internal Revenue Code (the "Code"), which includes a qualified cash or deferred arrangement as described in Sections 401(k) and 401(m) of the Code, for the benefit of eligible employees of the Company. All employees of the Company who have completed one year of service, as defined, are eligible to participate. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. Participants should refer to the plan agreement for a complete description of the Plan.

Plan Administration

INVESCO Trust Company (the "Trustee") is the Trustee of the Plan and has custodial responsibility for the Plan's assets including the authority and power to, among other things, invest the principal and income of the Plan's assets.

Contributions

Eligible employees can contribute an amount up to 16% of annual compensation, as defined by the Plan, subject to certain limitations under the Code. The Company provides a matching contribution equal to 50% of the first 6% of each participant's contribution. All company matching contributions are made in Atlantic American Corporation common stock. A participant can elect to transfer the company contribution into another investment fund only after the participant is fully vested in the company matching contributions.

Vesting

Participants are always fully vested in their own contributions. Each participant becomes vested in the employer contributions based on years of continuous service. Participants become fully vested after seven years of service with no intervening breaks in service of five years or more. A participant is credited with one year of service each calendar year in which the participant works 1,000 hours. A break in service is deemed to be any year in which the participant does not complete more than 500 hours of service. The participants vested percentage in employer contributions with years of service is as follows:

Years of Service	Vested Percentage
Less than one	0%
One	10
Two	20
Three	30
Four	40
Five	60
Six	80
Seven or more	100

Benefits

Upon termination of service due to death, disability, or retirement, a participant or their beneficiary may elect to receive an amount equal to the value of the participant's vested interest in his/her account. The form of payment, selected by the participant or their beneficiary, is either a lump-sum distribution, an annuity to be paid in monthly installments over a fixed period of years, or a direct rollover into a qualified retirement plan or IRA.

Participant Accounts

Individual accounts are maintained for each of the Plan's participants and reflect the participant's contributions, employer contributions, and the participant's share of the Plan's income. Allocations are based on the proportion that each participant's account balance bears to the total of all participant account balances.

Investment Options

Participants may direct their contributions and any related earnings into several investment options in 10% increments. Participants may change their investment elections once each calendar quarter. The participants in the Plan can invest in any of the following options:

- o Atlantic American Corporation Stock--Funds are invested in common stock of Atlantic American Corporation.
- o INVESCO Cash Reserves Fund--Funds are invested in short-term obligations such as commercial paper, U.S. government and government agency obligations, and repurchase agreements.

- o INVESCO Industrial Income Fund--Funds are invested in dividend-paying common stocks of large U.S. companies and in convertible bonds, debt issues, and preferred stocks.
- o INVESCO Intermediate Government Bond Fund--Funds are invested in obligations of the U.S. government and government agencies maturing in three to five years.
- o INVESCO Total Return Fund--Funds are invested in common stocks and in fixed and variable income securities.
- o INVESCO Dynamics Fund--Funds are invested with rapidly growing companies, traded essentially on national exchanges and over-the-counter.

Forfeitures

Amounts forfeited from nonvested accounts are used to reduce future employer contributions.

Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their accounts as of the termination date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 from those estimates.

Valuation of Investments

Cash equivalents are stated at cost, which approximates market value. Marketable securities are stated at fair value. Purchases and sales of securities and mutual funds are reflected on a trade-date basis.

Administrative Expenses

The Company pays all administrative expenses of the Plan, including trustee fees.

Reclassifications

Certain 1996 amounts presented herein have been reclassified to conform with the 1997 presentation.

3. INVESTMENTS

The fair market values of individual investments that represent 5% or more of the Plan's net assets as of December 31, 1997 and 1996 are as follows:

1997:	
Atlantic American Corporation common stock	\$936,321
INVESCO Cash Reserves Fund	411,740
INVESCO Industrial Income Fund	627,177
INVESCO Intermediate Government Bond Fund	289,584
INVESCO Total Return Fund	775,377
INVESCO Dynamics Fund	849,528
1996:	
Atlantic American Corporation common stock	485,302
INVESCO Cash Reserves Fund	426,508
INVESCO Industrial Income Fund	415,985
INVESCO Intermediate Government Bond Fund	299,669
INVESCO Total Return Fund	539,575
INVESCO Dynamics Fund	644,193

Net appreciation in fair value of investments by major investment type for the year ended December 31, 1997 is as follows:

Common stock	\$360,651
Mutual funds	227,367

	\$588,018
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4. TAX STATUS

The Internal Revenue Service issued a determination letter dated May 21, 1996 stating that the Plan was in accordance with applicable plan requirements as of that date. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is currently designed and

is being operated in compliance with the applicable requirements of the Code. Therefore, the plan administrator believes that the Plan was qualified and the related trust was tax-exempt as of December 31, 1997.

5. PARTICIPANT LOANS

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of the employee contribution balance. Participants may elect to have their loans disbursed from specific investment funds. Loan terms range from six months to five years or within a reasonable time if used for the purchase of a primary residence. The loans are secured by the vested value of the participants account balance and bear interest at the prime rate of interest on the date of the loan, plus 1%. Principal and interest are paid ratably through payroll deductions of not less than \$10 per pay period, or in a single lump sum.

SCHEDULE I

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

ITEM 27a--SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 1997

	Units	Cost	Current Value

MONEY MARKET FUND:			
* INVESCO Cash Reserves Fund	411,740	\$ 411,740	\$ 411,740
MUTUAL FUNDS:			
* INVESCO Industrial Income Fund	42,064	543,096	627,177
* INVESCO Intermediate Government Bond Fund	23,074	284,850	289,584
* INVESCO Total Return Fund	26,654	578,826	775,377
* INVESCO Dynamics Fund	60,854	762,376	849,528
COMMON STOCK:			
* Atlantic American Corporation	184,934	507,124	936,321
* PARTICIPANT LOANS (9.5%)	19,593	19,593	19,593
		-----	-----
Total		\$3,107,605	\$3,909,320
		=====	=====

*Indicates a party in interest.

The accompanying notes are an integral part of this
schedule.

SCHEDULE II

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

ITEM 27d--SCHEDULE OF REPORTABLE TRANSACTIONS (a)
FOR THE YEAR ENDED DECEMBER 31, 1997

Identity of Party Involved	Description of Asset, Including Rate of Interest and Maturity in Case of Loans	Purchase Price	Cost	Selling Price	Net Gain
INVESCO TRUST COMPANY	Atlantic American Corporation: 25 purchases 15 sales	\$129,392	\$ 0 29,974	\$ 0 36,549	\$ 0 6,575
INVESCO TRUST COMPANY	INVESCO Cash Reserve Fund: 63 purchases 37 sales	39,786	0 54,553	0 54,553	0 0
INVESCO TRUST COMPANY	INVESCO Industrial Income Fund: 48 purchases 18 sales	193,414	0 24,212	0 28,853	0 4,641
INVESCO TRUST COMPANY	TRUST COMPANY INVESCO Intermediate Government Bond Fund: 38 purchases 19 sales	27,037	0 39,763	0 40,161	0 398
INVESCO TRUST COMPANY	INVESCO Total Return Fund: 49 purchases 21 sales	147,847	0 23,159	0 30,199	0 7,040
INVESCO TRUST COMPANY	INVESCO Dynamics Fund: 34 purchases 26 sales	188,843	0 37,548	0 42,198	0 4,650

(a) Represents transactions or a series of transactions in excess of 5% of the fair value of plan assets at the beginning of the year.

The accompanying notes are an integral part of this schedule.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated June 26, 1998, included in this Annual Report of The Atlantic American Corporation 401(k) Retirement Savings Plan on Form 11-K for the year ended December 31, 1997, into the Plan's previously filed Registration Statement No. 33-90890.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
July 15, 1998