SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K / A-1

CURRENT REPORT

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

Date of Report (Date of earliest event reported) September 14, 1999 (June 24, 1999)

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

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

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

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

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

Atlantic American Corporation, a Georgia Corporation (the "Company"), hereby amends Item 7. "Financial Statements, Pro Forma Financial Information and Exhibits" of the Company's Current Report on Form 8-K dated July 16, 1999 in full to read as follows:

Item 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Business Acquired.

The audited combined financial statements of Association Casualty Insurance Company and Association Risk Management General Agency as of December 31, 1998 and for the year then ended (with Report of Independent Auditors thereon) are included at pages F-1 to F-20 of this report.

(b) Pro Forma Financial Information

The unaudited pro forma consolidated balance sheet as of June 30, 1999 and consolidated statement of income for the six months ended June 30, 1999, with the notes thereto are included at pages F-21 to F-24 of this report.

Exhibits

(2.1)*Acquisition Agreement by and among Atlantic American Corporation, and Association Casualty Insurance Corporation, Association Risk Management General Agency, Inc., and Harold K. Fischer, dated as of April 21, 1999.

(10.1)* Indenture of Trust, dated as of June 24, 1999, by and between Atlantic American Corporation and The Bank of New York, as Trustee.

(10.2)* Reimbursement and Security Agreement, dated as of June 24, 1999, between Atlantic American Corporation and Wachovia Bank of Georgia, N.A.

(10.3)* Revolving Credit Facility, dated as of July 1, 1999 between Atlantic American Corporation and Wachovia Bank of Georgia, N.A.

(23.1) Consent of Ernst & Yong LLP, Independent Auditors

(99.1)* Press Release dated June 24, 1999

(99.2)* Press Release dated July 6, 1999

* Previously filed with the Company's current report on Form 8-K, dated July 16, 1999.

Combined Financial Statements

Association Casualty Insurance Company and Association Risk
Management
General Agency
Year ended December 31, 1998
with Report of Independent Auditors

Association Casualty Insurance Company and
Association Risk Management General Agency

Combined Financial Statements

Year ended December 31, 1998

Contents

Report of Independent Auditors

Board of Directors
Association Casualty Insurance Company
Association Risk Management General Agency

We have audited the accompanying combined balance sheet of Association Casualty Insurance Company and Association Risk Management General Agency (collectively the "Company") as of December 31, 1998, and the related combined statement of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Association Casualty Insurance Company and Association Risk Management General Agency as of December 31, 1998, and the combined results of their operations and their combined cash flows for the year then ended, in conformity with generally accepted accounting principles.

[GRAPHIC OMITTED]

September 7, 1999

Association Casualty Insurance Company and
Association Risk Management General Agency

Combined Balance Sheet

December 31, 1998

Assets	
Fixed maturities (amortized cost $30,303,782)	$30,730,859
Short-term investments	150,000
Cash and cash equivalents	5,538,062
Receivable for securities	24,122
Total investments	36,443,043
Premiums receivable	1,146,025
Deferred acquisition costs	414,803
Accounts receivable (net allowance for doubtful accounts of $79,107)	159,080
Deferred tax asset	721,648
Reinsurance recoverable	9,598,722
Other assets	282,028
Total assets	$48,765,349

Liabilities and shareholders' equity Liabilities:	
Unpaid losses and loss adjustment expenses	$28,108,212
Unearned premiums	2,446,770
Other policy liabilities	321,000
Contingent reinsurance premium	50,000
Federal income taxes payable	150,000
Other payables	986,319
Total liabilities	32,062,301
Shareholders' equity:	
Common stock, $2 par value; 700,000 shares authorized; 525,500 shares issued and outstanding	1,051,000
Paid-in capital	451,116
Retained earnings	14,919,062
Accumulated other comprehensive income	281,870
Total shareholders' equity	16,703,048
Total liabilities and shareholders' equity	$48,765,349

See accompanying notes.

Association Casualty Insurance Company and
Association Risk Management General Agency

Combined Statement of Income

Year ended December 31, 1998

Revenue:	
Premiums earned	$16,212,727
Net investment income, less expenses of 139,630	1,956,715
Net realized investment gains	128,589
Other income	858,981
Total revenue	19,157,012
Expenses:	
Losses and loss adjustment expenses	8,597,055
Commissions and other underwriting expenses	3,994,722
Other expenses	1,895,474
Total losses and underwriting expenses	14,487,251
Income before income tax provision	4,669,761
Income tax expense:	
Current	1,428,168
Deferred	51,937
Total income tax expense	1,480,105
Net income	$3,189,656

See accompanying notes.

Association Casualty Insurance Company and
Association Risk Management General Agency

Combined Statement of Changes in Shareholders' Equity

	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 1998	$1,051,000	$451,116	$11,834,406	$167,292	$13,503,814
Comprehensive income:					
Net income	-	-	3,189,656	-	3,189,656
Increase in unrealized gains	-	-	-	114,578	114,578
Total comprehensive income					3,304,234
Dividends paid	-	-	(105,000)	-	(105,000)
Balance at December 31, 1998	$1,051,000	$451,116	$14,919,062	$281,870	$16,703,048

See accompanying notes.

Association Casualty Insurance Company and
Association Risk Management General Agency

Combined Statement of Cash Flows

Year ended December 31, 1998

Cash flow from operating activities	
Net income	$ 3,189,656
Adjustments to reconcile net income to net cash provided by operating activities:	
Acquisition costs deferred	(2,472,000)
Realized investment gains	(128,589)
Increase in insurance reserves	288,738
Depreciation and amortization	2,354,095
Increase in receivables, net	(1,122,874)
Decrease in deferred tax asset	134,830
Decrease in other liabilities	(139,378)
Other, net	129,385
Net cash provided by operating activities	2,233,863
Cash flows from investment activities Proceeds from investment maturities or repayments:	
Proceeds from investments sold	13,308,505
Investments purchased	(15,208,946)
Additions to property and equipment	(57,416)
Net cash used by investing activities	(1,957,857)
Cash flows from financing activities	
Dividends paid to stockholders	(105,000)
Net cash used in financing activity	(105,000)
Net increase in cash and cash equivalents	171,006
Cash and cash equivalents at beginning of year	5,367,056
Cash and cash equivalents at end of year	$ 5,538,062

See accompanying notes.

Association Casualty Insurance Company and
Association Risk Management General Agency

Notes to Combined Financial Statements

December 31, 1998

1. Organization and Significant Accounting Policies

Organization

Association Casualty Insurance Company ("ACIC") and Association Risk Management General Agency ("ARMGA") are collectively know as (the "Company"). ARMGA owns 50% of the stock of ACIC. The remainder is owned by various individuals. The financial statements of ACIC and ARMGA are presented on a combined basis due to their significant intercompany transactions and common control that exists over both entities. All significant intercompany accounts and transactions have been eliminated.

ACIC is a stock insurance company formed to provide commercial casualty insurance. ACIC received its Certificate of Authority from the Texas Department of Insurance in March 1978, and operations began in April 1978.

ACIC is primarily involved in the sale of workers' compensation insurance which represents approximately 95% of its premium volume. Other lines of insurance include group accident and health. ACIC's products are marketed by an agency throughout Texas and New Mexico.

ARMGA is a managing general agency which produces business on behalf of ACIC, as well as for third-party insurance companies.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclosed herein.

Investments

All of the Companies' debt securities are classified as available for sale and are carried at market value. If a decline in the value of an invested asset is considered to be other than temporary, a realized loss is recorded to reduce the carrying value of the investment to its estimated net realizable value, which becomes the new cost basis.

1. Organization and Significant Accounting Policies (continued)

The cost of securities sold is based upon specific identification. Unrealized gains (losses) in the value of bonds are accounted for as a direct increase (decrease) in accumulated other comprehensive income in shareholders' equity and, accordingly, have no effect on net income.

The fair value of bonds generally represents quoted market value prices for bonds traded in the public marketplace, or analytically determined values using bid or closing prices for bonds not traded in the public marketplace.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and investments in short-term, highly liquid securities which have original maturities of three months or less.

Stock Options

The Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and related Interpretations in accounting for its employee stock options.

Premium Revenue

Premiums are earned pro rata over the terms of the policies. The reserve for unearned premiums is determined on a monthly pro rata basis. Accruals are made for ultimate premiums on policies with retrospective premium adjustments.

Reinsurance

Reinsurance premiums, losses and loss adjustment expenses are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

1. Organization and Significant Accounting Policies (continued)

Loss and Loss Adjustment Expense Reserves

Loss and loss adjustment expense reserves represent the estimated ultimate net cost of all reported and unreported losses incurred through December 31. The liability is estimated using individual case-basis valuations and statistical analyses. The estimated liability is subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Deferred Acquisition Costs

The costs of acquiring business (principally commissions, premium taxes, advertising and other expenses of issuing policies) are "deferred acquisition costs" and are subsequently amortized over the term of the policy. Deferred acquisition costs are expensed when such costs are deemed not to be recoverable from the related unearned premiums and investment income.

2. Investments

The amortized cost and carrying value of the investments in fixed maturities at December 31, 1998 are summarized as follows:

Type of Issuer	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
Certificates of deposit	$ 750,000	$ -	$ -	$ 750,000
Government	399,559	4,441	-	404,000
Political subdivisions of states, territories and possessions	4,201,461	148,039	-	4,349,500
Special revenue and special assessment	5,165,550	112,175	-	5,277,725
Industrial	6,533,450	172,954	7,626	6,698,778
Loan-backed securities	13,253,762	87,128	90,034	13,250,856
	$30,303,782	$524,737	$97,660	$30,730,859

2. Investments (continued)

A summary of the amortized cost and fair value of the Company's investments in fixed maturities at December 31, 1998, by contractual maturity, is as follows:

	Amortized Cost	Carrying Value
Fixed maturity investments due after:		
1 year through 5 years	$2,449,978	$ 2,472,900
5 years through 10 years	14,029,392	14,423,703
10 years	570,650	583,400
Loan-backed securities	13,253,762	13,250,856
	$30,303,782	$30,730,859

Actual maturities may differ from the contractual maturities in the foregoing table because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

The Company invests in collateralized mortgage obligations, including inverse floaters with total amortized cost and fair value of $1,446,782 and $1,372,574, respectively, at December 31, 1998, in part to maximize yields and in part to hedge against a decline in interest rates. These securities provide cash flow based on interest payments from underlying mortgages. Therefore, their return and change in fair value are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments are reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flow is greater and the return on the initial investment would be higher than anticipated.

Proceeds from the sales of investments in fixed maturity investments were $13,308,505 during 1998. Gross realized losses on these sales were $18,974 during 1998. The Company had gross realized gains on these sales of $147,563 during 1998.

At December 31, 1998, certificates of deposit with an admitted asset value of $900,000 were on deposit with state insurance departments to satisfy regulatory requirements.

3. Unpaid Losses and Loss Adjustment Expenses

The following table provides a reconciliation of the beginning and ending reserves for unpaid losses and loss adjustment expenses, net of reinsurance recoverables, for the year ended December 31, 1998 (in thousands):

Reserve for unpaid losses and loss adjustment expenses, net of related reinsurance recoverables, at beginning of year	$27,687
Less: Reinsurance loss recoverables	(8,340)
Net balance at beginning of year	19,347
Add provision for losses and loss adjustment expenses for claims, net of related reinsurance, occurring in:	
Current year	11,127
Prior years	(2,530)
Net incurred losses and loss adjustment expenses	8,597
Deduct loss and loss adjustment expense payments for claims, net of reinsurance, occurring during:	
Current year	(3,558)
Prior years	(5,691)
Total payments	(9,249)
Net balance at end of year	18,695
Plus: Reinsurance loss recoverables	9,413
Reserve for unpaid losses and loss adjustment expenses, net of related reinsurance recoverables, at end of year	$28,108

The foregoing reconciliation shows the Company experienced favorable development during 1998 on the 1997 reserve for unpaid losses and loss adjustment expenses, net of reinsurance recoverables. This resulted from payments for prior year losses being less than previously projected, due primarily to the effects of workers' compensation reform in Texas.

3. Unpaid Losses and Loss Adjustment Expenses (continued)

The following table provides a reconciliation between reinsurance loss recoverables and reinsurance recoverable.

Reinsurance loss recoverables	$9,413,510
Unearned ceded premiums	148,487
Other	36,725
Reinsurance recoverables	$9,598,722

4. Reinsurance

The Company retains risk up to $300,000 depending upon the nature of the risk underwritten. General Reinsurance, an authorized reinsurer, provides excess of loss coverage for workers' compensation policies written by the Company. This excess loss coverage is limited to $5,000,000 for all claims, except propane-related claims which have a loss limit of $2,000,000. Further, the Company has excess limits coverage for the $15,000,000 excess of the $5,000,000 layer for all claims except propane.

The Company has also entered into a reinsurance agreement with Manufacturer's Life for accident and health policies written. The reinsurer provides excess loss coverage up to $2,000,000 depending on the nature of the risk underwritten. Under the provisions of the reinsurance agreement, premiums charged are based on the retention level selected by the Company for each of its customers. The agreement does not provide for retroactive premium adjustments based on loss experience.

The effects of reinsurance on premiums written and earned were as follows:

	1998	
	Written	Earned
	(in thousands)	
Direct premiums	$17,949	$17,754
Ceded premiums	1,469	1,541
Net premiums	$16,480	$16,213

4. Reinsurance (continued)

Amounts payable or recoverable for reinsurance on paid and unpaid losses are not subject to periodic or maximum limits. Reinsurance ceded on unpaid losses is due primarily from General Reinsurance Corporation.

The net amount of return commission recoverable at December 31, 1998, if all assumed and ceded reinsurance was canceled as of that date, would approximate $44,315. At December 31, 1998, the Company does not have a requirement to accrue any premiums, return commissions or other equivalent amount pursuant to any contractual agreements of a profit-sharing nature.

The Company remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

5. Deferred Policy Acquisition Costs

A summary of acquisition costs deferred and amortized during the year ended December 31, 1998 follows:

Balance at the beginning of the year	$ 346,711
Policy acquisition costs deferred	2,472,000
Amortization	(2,403,907)
Balance at the end of the year	$ 414,804

6. Statutory Reporting

The assets, liabilities and results of operations for ACIC have been reported on the basis of GAAP, which varies from statutory accounting practices ("SAP") prescribed or permitted by insurance regulatory authorities. The principal differences between GAAP and SAP are that under SAP: (i) acquisition costs for policies are expensed as incurred, while they are deferred and amortized over the estimated life of the policies under GAAP; (ii) no provision is made for deferred income taxes; (iii) valuation allowances are established against investments.

6. Statutory Reporting (continued)

ACIC is required to maintain a minimum of $1,000,000 in capital and $1,000,000 in surplus. At December 31, 1998, ACIC had statutory capital and surplus of $1,050,000 and $14,407,655, respectively. These amounts exceeded the NAIC's Risk-Based Capital requirements at December 31, 1998. ACIC reported statutory net income of $3,404,323 for the year ended December 31, 1998.

The maximum amount of dividends which can be paid in any 12 month period by insurers domiciled in the state of Texas without the prior approval of the Insurance Commissioner is the greater of 10% of the prior year's surplus or the prior year's net income. ACIC declared and paid dividends of $105,000 in 1998. Under current regulations, the maximum amount of dividends which may be declared and paid in 1999, without prior approval of the Commissioner of the Texas Department of Insurance, is approximately $3,404,323.

7. Federal Income Taxes

ACIC files a stand alone tax return while ARMGA, which is an S-corp, is not required to pay federal income taxes. The combined financial statements include the tax provision and related tax assets and liabilities of ACIC only. The Company made income tax payments of $1,405,000 in 1998.

The components of the income tax provision for the year ended December 31, 1998, are as follows:

Current:	
Federal	$1,428,168
State	-
	1,428,168
Deferred:	
Federal	51,937
State	-
	51,937
Income tax provision	$1,480,105

7. Federal Income Taxes (continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of December 31, 1998 are as follows:

Deferred tax liabilities:	
Deferred policy acquisition costs	$(141,033)
Unrealized gain/loss on investments	(145,206)
Total deferred tax liabilities	(286,239)
Deferred tax assets:	
Loss reserves	786,118
Unearned premiums	156,283
Capital loss carryforward	231,741
Salvage and subrogation	65,486
	1,239,628
Valuation allowance	(231,741)
Total deferred tax assets	1,007,887
Net deferred tax assets	$ 721,648

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods, with respect to which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences other than the $231,741 capital loss carryforward for which a valuation allowance has been provided. This valuation allowance decreased by $43,720 as a result of the usage of a portion of the capital loss carryforward in 1998.

7. Federal Income Taxes (continued)

A reconciliation of the 1998 income tax expense computed by applying the federal tax rate of 34% to income before income taxes to the actual income taxes is as follows:

Income before taxes	$4,669,761
Permanent differences:	
Tax exempt interest	(407,142)
Proration	61,071
Capitalized costs	10,217
Change in valuation allowance	(128,589)
ARGMA S-corp income	147,932
	4,353,250
U.S. Federal statutory rate	X 0.34
Provision for income taxes	$1,480,105

Federal income taxes incurred of approximately $1,428,168 in 1998 would be subject to recovery in the event that the Company incurs net operating losses within two years of the years for which such taxes were paid.

8. Concentrations of Credit Risk

At December 31, 1998, the financial instruments, which subject the Company to significant concentrations of credit risk, consisted principally of cash and certificates of deposit, short-term investment balances, bonds and agent balances. The amortized cost and market values of bonds are shown in Note 2.

Cash and certificates of deposit are maintained at several financial institutions in amounts not in excess of federal deposit insurance levels, thus reducing credit risk.

The Company maintains a portfolio of bonds which consists primarily of collateralized mortgage obligations, Texas utility bonds and Texas political subdivision bonds. These investments are generally investment grade, which reduces market and credit risk. Short term investment balances are maintained at levels not in excess of current operating or investing needs.

8. Concentrations of Credit Risk (continued)

Under the terms of its Agency agreement, ARMGA remits all premium balances due to ACIC within 60 days without regard to actual premium collections from the insureds.

9. Commitments and Contingencies

In the normal course of business, certain claims and lawsuits are filed against the Company. Management believes that any losses from any lawsuits, individually or in the aggregate, will not be material to the Company's financial condition or results of operations.

The Company purchased annuities in prior years to fund certain structured settlement arrangements under which the claimants are payees but for which the Company is contingently liable. At December 31, 1998, these annuities have a present value of approximately $808,779; $581,979 of which is with Western National Life Insurance Company and $226,800 of which is with Commonwealth Life Insurance Company.

10. Stock Option Plan

During 1997, the Company's Board of Directors approved a stock option plan (the "Plan") for eligible employees of the Agency, as defined in the Plan. In 1997, 1998 and 1999, the Board of Directors granted options to purchase 15,000, 7,025 and 16,810 shares of stock, respectively, at an exercise price of $2.00 per share. These options were exercised in connection with the sale of the Company. See Subsequent Events footnote for additional disclosure of the sale.

11. Reconciliation of Other Comprehensive Income

Under Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income, certain transactions and other economic events that bypass the income statement must be displayed as other comprehensive income. Other comprehensive income consists of net income and unrealized gains and losses on securities available for sale, net of income taxes. Other than net income, the other components of comprehensive income for the year ended December 31, 1998, were as follows:

Gain on sale of securities included in net income	$128,589
Other comprehensive income:	
Net unrealized gain arising during year	$302,192
Reclassification adjustment	(128,589)
Net unrealized gain before tax	173,603
Deferred tax on realized gains	59,025
Net unrealized gain recognized in other comprehensive income	$114,578

12. Leases Commitments

The Company leases office space under two agreements, both of which expire in December of 2000. The leases are accounted for as operating leases. Lease expense for 1998 was $304,577. The approximate future lease expense, assuming no renewals, is as follows:

1999	$308,455
2000	320,793
	$629,248

13. Year 2000 Issue (Unaudited)

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's computer programs or hardware that have date-sensitive software or embedded chips may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a

13. Year 2000 Issue (Unaudited) (continued)

temporary inability to process transactions, send invoices or engage in similar normal business activities.

Based on recent assessments, the Company determined that it will be required to modify or replace significant portions of its software and certain hardware so that those systems will properly utilize dates beyond December 31, 1999. The Company presently believes that with modifications or replacements of existing software and certain hardware, the Year 2000 Issue can be mitigated. However, if such modifications and replacements are not made, or are not completed timely, the Year 2000 Issue could have a material impact on the Company's operations.

The Company's plan to resolve the Year 2000 Issue involves the following four phases: assessment, remediation, testing, and implementation. To date, the Company has fully completed its assessment of all systems that could be significantly affected by the year 2000. The completed assessment indicated that most of the Company's significant information technology systems could be affected, particularly the underwriting and claims systems. However, the assessment also indicated that the Year 2000 Issue does not present a material exposure to the sale of the Company's products subsequent to December 31, 1999. In addition, the Company has gathered information about the Year 2000 compliance status of its significant subcontractors and continues to monitor their compliance.

In addition to uncertainties related to the functioning of systems subsequent to December 31, 1999, property/casualty insurance companies may have an underwriting exposure related to the Year 2000 Issue. Although the Company has not received any claims for coverage from its policyholders based on losses resulting from Year 2000 issues, there can be no assurance that policyholders will not suffer losses of this type and seek compensation under insurance policies issued by the Company. If any claims are made, coverage, if any, will depend on the facts and circumstances of the claim and the provisions of the policy. At this time, the Company is unable to determine whether the adverse effect, if any, in connection with the foregoing circumstances would be material to its operations.

14. Subsequent Event

On July 1, 1999, the shareholders of both ACIC and ARMGA completed a transaction to sell 100% of their stock for an aggregate purchase price $32.5 million. In connection with this purchase, ACIC issued a surplus note to Atlantic American in the amount of $11,375,000.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma consolidated financial statements ("pro forma statements") of Atlantic American Corporation and subsidiaries (the "Company") give effect to the acquisition of Association Casualty Insurance Company ("ACIC") and Association Risk Management General Agency ("ARMGA") as more fully described in the accompanying notes to the pro forma statements. The pro forma statements reflect the Company's preliminary purchase price allocation and are subject to revision, as information becomes available. Management believes that the preliminary allocation of the purchase price is not expected to differ materially from the final allocation. The pro forma statements have been prepared as if the acquisition had been consummated on January 1, 1999. Such pro forma statements are not necessarily indicative of the results of future operations, nor of the results of historical operations had the acquisition been consummated on such date.

These pro forma statements should be read in conjunction with: the accompanying notes to the unaudited pro forma consolidated statements; the Company's Current Report on Form 8-K dated July 16, 1999 (as amended) (the "Form 8-K"); the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998; the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1999 and June 30, 1999; and the audited combined financial statements of Association Casualty Insurance Company and Association Risk Management General Agency for the year ended December 31, 1998 included in the form 8-K.

Atlantic American Corporation
Pro Forma Consolidated Balance Sheet
June 30, 1999
(Unaudited)

	Historical			Pro forma Adjustments		Consolidated
	Company	ACIC	ARMGA	Debit	Credit	Pro forma
ASSETS						
(In thousands, except share and per share data)						
Cash, including short-term investments	$ 23,651	$ 5,117	$ 1,882	$ 932 A	$ 875 B	$ 30,707
Investments:						
Bonds	109,157	29,376	-	-	-	138,533
Common and preferred stocks	57,793	-	-	-	-	57,793
Other invested assets	4,921	-	-	-	-	4,921
Mortgage loans	3,805	-	-	-	-	3,805
Policy and student loans	2,311	-	-		-	2,311
Real estate	46	-	-	-	-	46
Total investments	178,033	29,376	-	-	-	207,409
Receivables:						
Reinsurance	26,737	7,941	-	-	-	34,678
Other	28,811	2,532	5,666	-	-	37,009
Deferred acquisition costs	18,556	448	-	-	-	19,004
Deferred income taxes	-	710	-	-	710 E	-
Other assets	4,555	639	-	-	-	5,194
Goodwill	3,937	-	-	17,674 C	221 D	21,390
Total assets	$ 284,280	$ 46,763	$ 7,548	$ 18,606	$ 1,806	$ 355,391
LIABILITIES AND SHAREHOLDERS' EQUITY						
Insurance reserves and policy funds:						
Future policy benefits	$ 39,305	$ 27,702	$ -	$ -	$ -	$ 67,007
Unearned premiums	30,843	2,643	-	-	-	33,486
Losses and claims	91,695	-	-	-	-	91,695
Other policy liabilities	4,055	-	-	-	-	4,055
Total policy liabilities	165,898	30,345	-	-	-	196,243
Accounts payable and accrued expenses	13,695	743	7,397			21,835
Debt payable	26,000	-	-	-	25,000 F	51,000
Total liabilities	205,593	31,088	7,397	-	25,000	269,078
Commitments and contingencies						
Shareholders' equity:						
Preferred stock	134	-	-	-	-	134
Common stock	19,406	1,050	1	1,051 G	2,012 H	21,418
Additional paid-in capital	49,787	450		450 G	6,488 H	56,275

Accumulated deficit	(13,116)	14,691	150	19,683	E, G, I	3,968	I	(13,990)
Accumulated other comprehensive income	24,109							
unrealized investment gains, net	24,109	(516)	-	(516)	G	-		24,109
Treasury stock, at cost	(1,633)	-	-			-		(1,633)
Total shareholders' equity	102,796	15,675	151	20,668		12,468		86,313
Total liab and sh equity	$308,389	$ 46,763	$ 7,548	$ 20,668		$ 37,468		$ 355,391

See notes to the unaudited pro forma consolidated statements.

Atlantic American Corporation
Pro Forma Consolidated Income Statement
June 30, 1999
(Unaudited)

	Historical			Pro forma Adjustment		Consolidated
	Company	ACIC	ARMGA	Debit	Credit	Pro forma
Revenue:						
Insurance premiums	$47,713	$ 8,037	$ --	$ --	$ --	$55,750
Investment income	5,734	894	--	--	76 J	6,704
Realized investment gains, net	1,479	(34)	--	--	--	1,445
Other income	390	--	3,354	3,036 J	--	708
Total revenue	55,316	8,897	3,354	3,036	76	64,607
Benefits and expenses:						
Insurance benefits and losses incurred	34,629	6,234	--	--	560 J	40,303
Commissions and underwriting expenses	13,418	2,503	998	--	2,400 J	14,519
Interest expense	930	--	--	875 K	--	1,805
Other	4,191	14	2,862	221 L	819 M	6,469
Total benefits and expenses	53,168	8,751	3,860	1,096	3,779	63,096
Income before income tax expense	2,148	146	(506)	4,132	3,855	1,511
Income tax expense	44	105	--	--	113 N	36
	$ 2,104	$ 41	$ (506)	$ 4,132	$ 3,968	$ 1,475
Net income per common share (basic and diluted)	$ 0.08					$ 0.04
Weighted avg common shares outstanding, basic	19,091					21,103
Weighted avg common shares outstanding, diluted	19,383					21,395

See notes to the unaudited pro forma consolidated statements.

The following pro forma adjustments have been applied to the historical consolidated balance sheets and income statements of the Company to give effect to the acquisition of ACIC and ARMGA as if it had occurred on January 1, 1999.

A - Cash has been increased as a result of the pro forma adjustments to commission and underwriting expenses and income tax expense.
B - Cash has been reduced as a result of the pro forma adjustment to interest expense.
C - To reflect the purchase accounting adjustment for the excess of the purchase price over the net assets acquired.
D - To reflect the amortization of the excess of the purchase price over the net assets acquired over the estimated lifeof the business acquired.
E - Establish valuation allowance for deferred tax asset.
F - The Company borrowed $25 million under a new credit facility to help fund the acquisition of ACIC and ARMGA.
G - To eliminate the Company's investment in the net assets of ACIC and ARMGA.
H - The Company issued 2,012,835 shares of common stock valued at $8.5 million to fund a portion of the acquisition of ACIC and ARMGA.
I - To reflect the pro forma adjustments made to the income statement.
J - To eliminate intercompany charges between ARMGA and ACIC for services provided to ACIC by ARMGA.
K - Interest expense has been increased to reflect the $25 million borrowed to fund the acquisition, assuming a 7.0% interest rate.
L - Amortization of the excess of net assets acquired has been estimated based upon the life of the business acquired.
M - All non-recurring costs of the acquisition incurred by ACIC and ARMGA have been eliminated.
N - Federal income taxes have been adjusted to reflect the net tax effect of the pro forma adjustments and to reflect the effective tax rate of the Company.

Exhibit 23.1 - Consent of Ernst & Young LLP, Independent Auditors

We consent to use of our report dated September 7, 1999, with respect to the combined financial statements of Association Casualty Insurance Company and Association Risk Management General Agency, Inc., included in the Registration Statement (Form S-8 No.33-56866) of Atlantic American Corporation.

Austin, Texas /s/ Ernst & Young LLP
September 13, 1999

SIGNATURE

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: September 14, 1999 By: /s/
Edward L. Rand, Jr.
Vice President-Treasurer
(Principal Financial Officer)