SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

|X| Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 1998

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
Incorporated pursuant to the laws of the State of Georgia

Internal Revenue Service-- Employer Identification No.
58-1027114

Address of Principal Executive Offices:
4370 Peachtree Road, N.E., Atlanta, Georgia 30319
(404) 266-5500

Indicate by check mark whether 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 |X| NO |_|

The total number of shares of the registrant's Common Stock, $1 par value, outstanding on August 12, 1998, was 18,788,839.

ATLANTIC AMERICAN CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

(In thousands, except share and per share data)

	June 30, 1998	December 31, 1997
Cash, including short-term investments of $37,918 and $46,167	$ 44,116	$ 51,044
Investments:		
Bonds (cost: $90,640 and $91,143)	91,611	92,184
Common and preferred stocks (cost: $26,130 and $18,359)	57,573	46,876
Investments in limited partnerships (cost: $4,001 and $4,001)	3,925	3,941
Mortgage loans	3,899	4,243
Policy and student loans	2,498	5,293
Real estate	46	46
Total investments	159,552	152,583
Receivables:		
Reinsurance	25,384	25,164
Other (net of allowance for bad debts: $1,024 and $916)	26,797	17,470
Deferred acquisition costs	17,136	16,483
Other assets	4,694	4,510
Goodwill	4,028	4,606
Total assets	$ 281,707	$ 271,860

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 1998	December 31, 1997
Insurance reserves and policy funds:		
Future policy benefits	$ 38,696	$ 39,188
Unearned premiums	29,552	24,412
Losses and claims	86,978	86,721
Other policy liabilities	4,321	3,997
Total policy liabilities	159,547	154,318
Accounts payable and accrued expenses	11,997	10,759
Debt payable	27,000	28,600
Total liabilities	198,544	193,677
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $1 par, 4,000,000 shares authorized;		
Series A preferred, 30,000 shares issued and outstanding, $3,000 redemption value	30	30
Series B preferred, 134,000 shares issued and outstanding, $13,400 redemption value	134	134
Common stock, $1 par, 30,000,000 shares authorized; 18,935,993 shares issued in 1998 and 18,920,728 shares issued in 1997; 18,797,778 shares outstanding in 1998 and 18,907,267 shares outstanding in 1997	18,936	18,921
Additional paid-in capital	52,604	53,316
Accumulated deficit	(20,256)	(23,653)
Accumulated other comprehensive income - unrealized investment gains, net	32,338	29,498
Treasury stock, at cost, 138,215 shares in 1998 and 13,461 shares in 1997	(623)	(63)
Total shareholders' equity	83,163	78,183
Total liabilities and shareholders' equity	$ 281,707	$ 271,860

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

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
Revenue:				
Insurance premiums	$ 22,871	$ 21,229	$ 45,829	$ 43,003
Investment income	2,717	2,836	5,641	5,712
Realized investment gains, net	394	248	912	286
Other income	57	26	169	28
Total revenue	26,039	24,339	52,551	49,029
Benefits and expenses:				
Insurance benefits and losses incurred	15,470	14,937	30,992	29,468
Commissions and underwriting expenses	6,443	5,747	13,721	11,792
Interest expense	547	738	1,115	1,471
Other	1,674	1,451	3,193	2,854
Total benefits and expenses	24,134	22,873	49,021	45,585
Income before income tax expense	1,905	1,466	3,530	3,444
Income tax expense	(106)	(20)	(132)	(60)
Net income	$ 1,799	$ 1,446	$ 3,398	$ 3,384
Net income per common share (basic and diluted)	$ .08	$ .06	$ .14	$ .14
Weighted average common shares outstanding, basic	18,879	18,730	18,894	18,801
Weighted average common shares outstanding, diluted	19,169	18,829	19,195	18,916

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

ATLANTIC AMERICAN CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Six Months Ended June 30, 1998	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Net Unrealized Investment Gains	Treasury Stock	Total
Balance, December 31,1997	$ 164	$18,921	$ 53,316	$ (23,653)	$29,498	$ (63)	$ 78,183
Comprehensive income:							
Net income				3,398			3,398
Increase in unrealized investment gains					2,840		2,840
Total comprehensive income							6,238
Cash dividends paid on preferred stock			(158)				(158)
Dividends accrued on preferred stock			(603)				(603)
Purchase of shares for treasury						(587)	(587)
Issuance of shares for employee benefit plans and stock options			(2)	(1)		27	- 24
Issuance of shares for acquisition of Self-Insurance Administrators, Inc.		15	51				- 66
Balance, June 30, 1998	$ 164	$18,936	$ 52,604	$ (20,256)	$32,338	$ (623)	$ 83,163
Six Months Ended June 30, 1997							
Balance, December 31, 1996	$ 164	$18,712	$ 54,062	$ (31,426)	$17,713	$ (89)	$ 59,136
Comprehensive income:							
Net income				3,384			3,384
Decrease in unrealized investment gains					1,743		1,743
Total comprehensive income							5,127
Cash dividends paid on preferred stock			(158)				(158)
Dividends accrued on preferred stock			(603)				(603)
Purchase of shares for treasury						(440)	(440)
Issuance of shares for employee benefit plans and stock options			(1)	(98)		147	- 48
Balance, June 30, 1997	$ 164	$18,712	$ 53,300	$ (28,140)	$19,456	$(382)	$ 63,110

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

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,398	$ 3,384
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of deferred acquisition costs	5,012	4,188
Acquisition costs deferred	(5,759)	(4,934)
Realized investment gains	(912)	(286)
Increase in insurance reserves	5,229	8,450
Depreciation and amortization	683	544
Increase in receivables, net	(9,547)	(8,728)
Decrease in other liabilities	634	(2,587)
Other, net	(405)	97
Net cash (used) provided by operating activities	(1,667)	128
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investments sold or matured	44,445	24,663
Investments purchased	(47,678)	(34,553)
Reduction in minority interest liability payable	-	(54)
Additions to property and equipment	(269)	(346)
Bulk reinsurance transactions, net	564	-
Net cash used by investing activities	(2,938)	(10,290)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Preferred stock dividends	(158)	(158)
Proceeds from exercise of stock options	22	48
Purchase of treasury shares	(587)	(493)
Repayments of debt	(1,600)	(2,000)
Net cash used by financing activities	(2,323)	(2,603)
Net decrease in cash and cash equivalents	(6,928)	(12,765)
Cash and cash equivalents at beginning of period	51,044	45,499
Cash and cash equivalents at end of period	$ 44,116	$ 32,734
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 1,097	$ 1,527
Cash paid for income taxes	$ 200	$ 85

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

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands)

Note 1. Basis of presentation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All significant intercompany accounts and transactions have been eliminated in consolidation. Operating results for the six month period ended June 30, 1998, are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1997.

Note 2. Segment Information

The following summary sets forth information for each of the Company's business segments by revenue and income (loss) before income tax provision (benefit). The Company divides its operations into 3 segments: Property and Casualty Insurance, Life Insurance, and Accident and Health Insurance.

	Property and Casualty	Life	Accident and Health	Corporate and Other	Adjustments and Eliminations	Consolidated
Six Months Ended June 30, 1998:						
Revenue	$ 32,943	$ 7,835	$11,542	$ 257	$ (26)	$ 52,551
Income (loss) before income tax expense (benefit)	4,028	1,341	59	(1,898)	0	3,530
Six Months Ended June 30, 1997:						
Revenue	$ 33,741	$ 7,025	$ 8,276	$ 13	$ (26)	$ 49,029
Income (loss) before income tax expense (benefit)	3,630	997	25	(1,208)	0	3,444
Three Months Ended June 30, 1998:						
Revenue	$ 16,202	$ 3,908	$ 5,841	$ 99	$ (11)	$ 26,039
Income (loss) before income tax expense (benefit)	2,216	767	(65)	(1,013)	0	1,905
Three Months Ended June 30, 1997:						
Revenue	$ 16,745	$ 3,507	$ 4,084	$ 1	$ 2	$ 24,339
Income (loss) before income tax expense (benefit)	1,597	737	(225)	(643)	0	1,466

Note 3. Reconciliation of Other Comprehensive Income

	June 30, 1998	June 30, 1997
Gain on sale of securities included in net income	$ 912	$ 286
Other comprehensive income:		
Net unrealized gain arising during year	$ 3,752	$ 2,029
Reclassification adjustment	(912)	(286)
Net unrealized gain recognized in other comprehensive income	$ 2,840	$ 1,743

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

Management's discussion of financial condition and results of operations for the six month periods ended June 30, 1998 and 1997 analyzes the results of operations, consolidated financial condition, liquidity and capital resources of Atlantic American Corporation (the "Company") and its consolidated subsidiaries: Georgia Casualty & Surety Company ("Georgia Casualty"), American Southern Insurance Company ("American Southern"), American Safety Insurance Company ("American Safety"), at times jointly referred to as the "Casualty Division", Bankers Fidelity Life Insurance Company ("Bankers Fidelity"), American Independent Life Insurance Company ("American Independent"), at times jointly referred to as the "Life and Health Division", and Self-Insurance Administrators, Inc. ("SIA, Inc.").

RESULTS OF OPERATIONS

The Company's net income for the second quarter of 1998 was $1.8 million ($.08 per diluted share) compared to net income of $1.4 million ($.06 per diluted share) for the second quarter of 1997. Net income for the first six months of both 1998 and 1997 was $3.4 million ($.14 per share). The increase in net income for the second quarter of 1998 is attributable to increased revenues in the Life and Health Division and an improvement in the ratio of insurance benefits and losses incurred to insurance premiums (the "loss ratio"). Year-to-date earnings are flat compared to 1997 as the improvement in the second quarter of 1998 was offset by net income for the first three months of 1998, which was lower than in the comparable period in 1997.

Pretax net income for the Casualty Division increased 11% for the first six months of 1998, while pretax net income for the Life and Health Division increased 37%. These increases were offset by an increase in the Company's corporate administrative expenses primarily resulting from a revision in the method by which expenses of the Company are charged to its subsidiaries.

Total revenue for the six months ended June 30, 1998 was $52.6 million, up 7.2% over the first six months of 1997. For the quarter, total revenue increased 7.0%. The increase in both the quarter and six month period is primarily attributable to an increase in insurance premiums along with increases in both realized gains and other income. Investment income for both the six month period and the quarter decreased as a result of the significant prepayment of debt made in the fourth quarter of 1997.

Insurance premiums for the year-to-date period are up $2.8 million, or 6.6%, and are up 7.7% for the quarter. In the Life and Health Division premiums for the first six months of 1998 were up $4.2 million, and for the quarter were up $2.4 million. This increase in insurance premiums is principally the result of both the acquisition of American Independent in the fourth quarter of 1997, which added $2.0 million in premiums through June 30, and strong internal growth attributable in part to a refocused marketing campaign. Premiums at Georgia Casualty were up $1.4 million for the year-to-date period and $800,000 for the second quarter. This increase in premiums reflects an increased marketing effort, particularly in the fourth quarter of 1997, the results of which are now being seen. Premium income at American Southern was down $2.7 million for the six month period and down $1.5 million for the quarter. This decline is primarily attributable to a decrease in the net rate charged for one of the company's large block accounts. Management believes that while this net rate has declined as a result of a heightened competitive environment, the account will continue to be profitable.

Realized investment gains for the second quarter of 1998 were $394,000 compared to $248,000 for the same period in 1997. For the six months ended June 30, 1998, realized gains were $912,000 compared to $286,000 in 1997. Management is continually evaluating the composition of the Company's investment portfolio and will periodically divest appreciated investments as deemed appropriate. The increase in other income for both the quarter and the six months ended June 30, 1998 is a result of the inclusion of SIA, Inc. which generates income in the form of commission and service fees from the administration of third party self-insured workers' compensation plans. SIA, Inc. was acquired in the fourth quarter of 1997.

Total expenses increased 7.5% for the six months ended June 30, 1998 and 5.5% when compared to the second quarter of 1997. The increase in expenses for the first half of 1998 is comprised of a 5.2% increase in insurance benefits and losses incurred, a 16.4% increase in commission and underwriting expenses and an 11.9% increase in other operating expenses, offset in part by a 24.2% decrease in interest expense. For the quarter, insurance benefits and losses were up 3.6%, commissions and underwriting expenses were up 12.1%, other operating expenses were up 15.4% and interest expense was down 25.9%.

The increase in insurance benefits and losses is primarily a factor of the increase in insurance premiums. The total loss ratio for the quarter was 67.6% compared to 70.4% for the second quarter of 1997. For the first six months of 1998, this ratio declined from 68.5% in 1997 to 67.6%.

Insurance benefits and losses incurred at American Southern decreased $3.1 million for the first six months of 1998 and $1.2 million for the quarter. The loss ratio for the first six months of 1998 was 69.5%, down from 75.6% in the first half of 1997. The decline in the loss ratio is attributable to a reduction in substandard auto premiums which historically have a higher loss ratio and an overall reduction in losses on American Southern's other lines of business.

Insurance benefits and losses at Georgia Casualty were up $1.1 million through June 30, 1998 and were virtually unchanged for the second quarter. The year-to-date loss ratio was 70.2%, up slightly from 68.7% in the first six months of 1997. Insurance benefits and losses at Bankers Fidelity were up $3.1 million year-to-date and $1.4 million for the quarter, as a result of the increase in premium volume.

Commission and underwriting expenses for the first half of 1998 increased $1.9 million to $13.7 million and for the quarter were up $534,000. The increase for the six months ended June 30, 1998 is primarily the result of the increase in premium volume, particularly at Bankers Fidelity, and increased profit commissions on American Southern's business. The increase for the second quarter is attributable to the overall increase in premium volume.

The decline in interest expense of 24% is due to the reduction in debt compounded by a 50 basis point reduction in the interest rate charged on the Company's credit facility to the prime rate less 50 basis points, currently 8.0%. The reduction in the rate resulted from the Company meeting certain specified financial criteria at year-end 1997 under the credit facility, and is subject to further adjustment, based on the Company's continuing to meet those criteria. In any event, the rate charged by the credit facility will not exceed the prime rate of interest.

The Company's tax provision increased for the quarter as a result of the income of American Independent, which is not a part of the Company's consolidated return and the income of which is not subject to offset by the Company's net operating losses carryforwards.

LIQUIDITY AND CAPITAL RESOURCES

The major cash needs of the Company are for the payment of claims and expenses as they come due and the maintenance of adequate statutory capital and surplus to satisfy state regulatory requirements and meet debt service requirements of the Company. The Company's primary source of cash are written premiums and investment income. Cash payments consist of current claim payments to insureds and operating expenses such as salaries, employee benefits, commissions, taxes, and shareholder dividends from the subsidiaries, when earnings warrant such dividend payments. By statute, the state regulatory authorities establish minimum liquidity standards primarily to protect policyholders.

The Company's insurance subsidiaries reported a combined statutory income of $3.9 million for the first six months of 1998 compared to statutory net income of $3.2 million for the first six months of 1997. Total statutory net income for the quarter was $2.3 million compared to $1.1 million in 1997. The reasons for the increase in statutory earnings in the first half of 1998 are the same as those discussed in "Results of Operations" above. Statutory results differ from the results of operations under generally accepted accounting principles ("GAAP") for the Casualty Division due to the deferral of acquisition costs. The Life and Health Division's statutory results differ from GAAP primarily due to deferral of acquisition costs, as well as different reserving methods.

The Company is a party to a Credit Agreement with Wachovia Bank of Georgia, N.A. At June 30, 1998, the Company had outstanding borrowings under this agreement of approximately $27.0 million, none of which is scheduled to become due and payable during the last six months of 1998. The Company repaid $1.6 million of outstanding principal during the first half of 1998. The Company intends to repay its obligations under the Credit Agreement using dividend payments received from its subsidiaries and receipts from its tax sharing agreement with its subsidiaries.

The Company has two series of preferred stock outstanding, substantially of all which is held by affiliates of the Company's chairman and principal shareholders. The outstanding shares of Series A Convertible Preferred Stock accrue annual dividends at a rate of $10.50 per share, are convertible into approximately 704,000 shares of common stock at a conversion price of $4.26 per share, and are redeemable at the Company's option at $100 per share, plus accrued dividends. The outstanding shares of Series B Preferred Stock ("Series B Stock") have a stated value of $100 per share, accrue annual dividends at a rate of $9.00 per share, in certain circumstances may be convertible into an aggregate of approximately 3,358,000 shares of common stock and are redeemable at the Company's option. The Series B Stock is not currently convertible. At June 30, 1998, the Company had accrued, but unpaid dividends on the Series B Stock totaling $3.0 million.

The Company provides certain administrative and other services to each of its insurance subsidiaries. The amounts charged to and paid by the subsidiaries in the first six months of 1998 remained approximately the same as in the first six months of 1997. In addition, the Company has a formal tax-sharing agreement between the Company and its insurance subsidiaries. It is anticipated that this agreement will provide the Company with additional funds from profitable subsidiaries due to the subsidiaries' use of the Company's tax loss carryforwards, which totaled approximately $41.0 million at June 30, 1998.

At June 30, 1998, the Company had a net cumulative deferred tax asset of zero. The net cumulative deferred tax asset consisted of $23.0 million of deferred tax assets, offset by $14.9 million of deferred tax liabilities, and a $8.1 million valuation allowance. Due to the uncertain nature of their ultimate realization, based upon past performance and expiration dates, the Company has established a full valuation allowance against these carryforward benefits and recognizes the benefits only as reassessment demonstrates they are realizable. The Company's ability to generate taxable income from operations is dependent upon various factors, many of which are beyond management's control. Accordingly, there can be no assurance that the Company will generate future taxable income based on historical performance. Therefore, the realization of the deferred tax assets will be assessed periodically based on the Company's current and anticipated results of operations.

Approximately 94.9% of the investment assets of the insurance subsidiaries are in marketable securities that can be converted into cash, if required; however, use of such assets by the Company is limited by state insurance regulations. Dividend payments to the Company by its insurance subsidiaries are limited to the accumulated statutory earnings of the individual insurance subsidiaries, subject to annual limitations. At June 30, 1998, Georgia Casualty had $18.0 million of accumulated statutory earnings, American Southern had $19.5 million of accumulated statutory earnings, and Bankers Fidelity had $19.2 million of accumulated statutory earnings.

Net cash used by operating activities was $1.7 million in the first half of 1998 compared to net cash provided by operating activities of $128,000 in the first six months of 1997. Cash and short-term investments decreased from $51.0 million at December 31, 1997, to $44.1 million at June 30, 1998, mainly due to an increase in longer term investments. Total investments (excluding short-term investments) increased to $159.6 million due in part to the shift from short-term investments and increases in unrealized gains on the Company's investment portfolio.

The Company believes that the dividends, fees, and tax-sharing payments it receives from its subsidiaries and, if needed, borrowings from banks and affiliates of the Company 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.

YEAR 2000

Many existing computer systems currently in use were developed using two digits rather than four digits to specify the year. As a result, many systems will recognize a date code of "00" as the calendar year 1900 rather than 2000 which could cause systems to fail or cause erroneous results.

The Company has undertaken projects to ensure that all of its systems will be compliant with year 2000 issues. Currently, one of the Company's three major operating systems is year 2000 compliant and the process of bringing the other operating systems into compliance is underway. All operating systems are expected to be compliant by the end of 1998. If the Company fails to bring its systems into compliance by the year 2000 the Company may, as a result, be unable to process some business which could potentially have a materially adverse effect on the financial operations of the Company; however, in the opinion of management the risk of this occurrence is remote. The cost of bringing the Company's systems into compliance is not expected to have a material effect on the results of operations or financial position of the Company.

FORWARD-LOOKING STATEMENTS

This report contains and references certain information that constitutes forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Those statements, to the extent they are not historical facts, should be considered forward-looking and subject to various risks and uncertainties. Such forward-looking statements are made based upon management's assessments of various risks and uncertainties, as well as assumptions made in accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The Company's actual results could differ materially from the results anticipated in these forward-looking statements as a result of such risks and uncertainties, including those identified in the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 1997 and the other filings made by the Company from time to time with the Securities and Exchange Commission.

Item 4. Submission of matters to a vote of security-holders.

On May 5, 1998, the shareholders of the Company cast the following votes at the annual meeting of shareholders for the election of directors of the Company, for approval of the Second Amendment to the 1992 Incentive Plan, and the appointment of Arthur Andersen LLP as the Company's auditors.

Election of Directors	Shares Voted	
Director Nominee	For	Withheld
J. Mack Robinson	16,816,669	25,378
Hilton H. Howell, Jr.	16,818,486	23,561
Samuel E. Hudgins	16,820,746	21,301
D. Raymond Riddle	16,819,656	22,391
Harriett J. Robinson	16,815,681	26,366
Scott G. Thompson	16,820,131	21,916
Mark C. West	16,820,946	21,101
William H. Whaley, M.D.	16,819,411	22,636
Dom H. Wyant	16,818,526	23,521

Second Amendment to the 1992 Incentive Plan	Shares Voted		
	For	Against	Abstain
	15,167,948	668,476	1,005,623

Appointment of Independent Public Accountants	Shares Voted		
	For	Against	Abstain
Arthur Andersen LLP	16,752,503	67,260	22,284

Item 5. Other Information - Shareholder Proposals

Proposals by shareholders intended to be presented at the 1999 Annual Meeting must be forwarded in writing and received at the principal executive office of the Company no later than December 16, 1998, directed to the attention of the Secretary, for consideration for inclusion in the Company's proxy statement for the Annual Meeting of Shareholders to be held in 1999. Moreover, with regard to any proposal by a shareholder not seeking to have such proposal included in the proxy statement but seeking to have such proposal considered for the 1999 Annual Meeting, if such shareholder fails to notify the Company in the manner set forth above of such proposal no later than February 15, 1999, then the persons appointed as proxies may exercise their discretionary voting authority if the proposal is considered at the 1999 Annual Meeting notwithstanding that shareholders have not been advised of the proposal in the proxy statement for the 1999 Annual Meeting. Any proposals submitted by shareholders must comply in all respects with the rules and regulations of the Securities and Exchange Commission and the provisions of the Company's Articles of Incorporation and Bylaws and of Georgia Law.

Item 6. Exhibits and Report on Form 8-K
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(a) The following exhibits are filed herewith:

Exhibit 11. Computation of net loss per common share.

Exhibit 27. Financial data schedule.

(b) No reports on Form 8-K were filed with the Securities and Exchange Commission during the second quarter of 1998.

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: August 14, 1998   By: /s/

Edward L. Rand, Jr.
Vice President and Treasurer
(Principal Financial and Accounting Officer)

EXHIBIT 11

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
COMPUTATIONS OF NET INCOME PER COMMON SHARE
SUPPORTING SCHEDULE

(In thousands, except per share data)	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
Basic Earnings Per Common Share:				
Net income	$ 1,799	$ 1,446	$ 3,398	$ 3,384
Less preferred dividends to affiliates	(380)	(380)	(760)	(760)
Net income available to common shareholders	$ 1,419	$ 1,066	$ 2,638	$ 2,624
Weighted average common shares outstanding	18,879	18,730	18,894	18,801
Net income per common share	$ .08	$ .06	$ .14	$ .14
Diluted Earnings Per Common Share:				
Net income available to common shareholders	$ 1,419	$ 1,066	$ 2,638	$ 2,624
Weighted average common shares outstanding	18,879	18,730	18,894	18,801
Effect of dilutive stock options	290	99	301	115
Weighted average common shares outstanding adjusted for dilutive stock options	19,169	18,829	19,195	18,916
Net income per common share	$ .08	$ .06	$ .14	$ .14

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