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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, 2000

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 7, 2000, was 21,035,535.

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ATLANTIC AMERICAN CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited; In thousands, except share and per share data)

ASSETS

	June 30, 2000	December 31, 1999
Cash, including short-term investments of $ 8,989 and $22,471	$20,254	$34,306
Investments:		
Bonds (cost: $ 162,264 and $ 143,220)	155,334	137,000
Common and preferred stocks (cost: $ 32,736 and $31,183)	41,535	48,684
Other invested assets (cost: $ 6,132 and $ 4,943)	5,717	6,440
Mortgage loans	3,593	3,645
Policy and student loans	2,395	3,749
Real estate	46	46
Total investments	209,343	198,841
Receivables: Reinsurance	38,527	39,287
Other (net of allowance for bad debts: $ 1,743 and $1,717)	33,697	28,478
Deferred income taxes, net	6,844	4,299
Deferred acquisition costs	22,870	20,398
Other assets	4,949	5,074
Goodwill	19,694	20,461
Total assets	$ 356,178	$351,144

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2000	December 31, 1999
Insurance reserves and policy funds:		
Future policy benefits	$ 41,267	$ 40,093
Unearned premiums	40,439	34,293
Losses and claims	129,114	126,556
Other policy liabilities	5,046	4,203
Total policy liabilities	215,866	205,145
Accounts payable and accrued expenses	16,511	16,051
Debt payable	50,000	51,000
Total liabilities	282,377	272,196
Commitments and contingencies (Note 9) Shareholders' equity:		
Preferred stock, $1 par, 4,000,000 shares authorized; Series B preferred, 134,000 shares issued and outstanding,$13,400 redemption value	134	134
Common stock, $1 par, 30,000,000 shares authorized; 21,412,138 shares issued in 2000 and 1999 and 21,030,052 outstanding in 2000 and 21,026,786 shares outstanding in 1999	21,412	21,412
Additional paid-in capital	55,074	55,677
Accumulated deficit	(2,772)	(4,558)
Accumulated other comprehensive income - unrealized investment gains, net	1,415	7,836
Treasury stock, at cost, 382,086 shares in 2000 and 385,352 shares in 1999	(1,462)	(1,553)
Total shareholders' equity	73,801	78,948
Total liabilities and shareholders' equity	$ 356,178	$351,144

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

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Revenue:				
Insurance premiums	$32,811	$24,370	$64,690	$47,713
Investment income	3,843	2,863	7,846	5,734
Realized investment (losses) gains, net	(20)	614	527	1,479
Other income	211	132	673	390
Total revenue	36,845	27,979	73,736	55,316
Benefits and expenses:				
Insurance benefits and losses incurred	23,394	18,380	45,980	34,629
Commissions and underwriting expenses	8,285	6,454	16,719	13,418
Interest expense	1,109	465	2,101	930
Other	2,982	2,012	6,135	4,191
Total benefits and expenses	35,770	27,311	70,935	53,168
Income before income tax expense	1,075	668	2,801	2,148
Income tax expense	364	17	938	44
Net income	$ 711	$ 651	$ 1,863	$ 2,104
Net income per common share (basic and diluted)	$ .02	$ .02	$ .06	$ .08
Weighted average common shares outstanding, basic	21,025	19,071	21,018	19,091
Weighted average common shares outstanding, diluted	21,084	19,356	21,059	19,383

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

ATLANTIC AMERICAN CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Unaudited; Amounts in thousands)

Six Months Ended June 30, 2000	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Net Unrealized Investment Gains	Treasury Stock	Total
Balance, December 31, 1999	$ 134	$ 21,412	$ 55,677	$ (4,558)	$ 7,836	$ (1,553)	$ 78,948
Comprehensive income (loss):							
Net income				1,863			1,863
Decrease in unrealized investment gains					(9,878)		(9,878)
Deferred income tax benefit attributable to other comprehensive loss					3,457		3,457
Total comprehensive loss							(4,558)
Dividends accrued on preferred stock			(603)				(603)
Purchase of shares for treasury						(73)	(73)
Issuance of shares for employee benefit plans and stock options				(77)		164	87
Balance, June 30, 2000	$ 134	$ 21,412	$ 55,074	$ (2,772)	$ 1,415	$ (1,462)	$ 73,801
Six Months Ended June 30, 1999							
Balance, December 31, 1998	$ 134	$ 19,406	$ 50,406	$ (15,213)	$ 28,786	$ (1,302)	$ 82,217
Comprehensive income (loss):							
Net income				2,104			2,104
Decrease in unrealized investment gains					(4,677)		(4,677)
Total comprehensive loss							(2,573)
Dividends accrued on preferred stock			(603)				(603)
Purchase of shares for treasury						(436)	(436)
Issuance of shares for employee benefit plans and stock options			(16)	(7)		105	82
Balance, June 30, 1999	$ 134	$ 19,406	$ 49,787	$ (13,116)	$ 24,109	$ (1,633)	$ 78,687

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

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; In thousands)	Six Months Ended June 30, 2000	1999
(CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,863	$ 2,104
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization of deferred acquisition costs	7,523	5,230
Acquisition costs deferred	(9,996)	(6,905)
Realized investment gains	(527)	(1,479)
Increase in insurance reserves	10,721	13,521
Depreciation and amortization	860	662
Deferred income tax expense	912	-
Increase in receivables, net	(4,461)	(13,864)
Increase in other liabilities	323	799
Other, net	(781)	(453)
Net cash provided by (used in) operating activities	6,437	(385)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investments sold or matured	5,847	29,064
Investments purchased	(25,047)	(36,917)
Additions to property and equipment	(210)	(350)
Acquisition of American Independent	-	208
Acquisition of Association Casualty	(93)	-
Net cash used by investing activities	(19,503)	(7,995)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	87	82
Purchase of treasury shares	(73)	(436)
Repayments of debt	(1,000)	(25,000)
Proceeds from issuance of debt	-	25,000
Net cash used by financing activities	(986)	(354)
Net decrease in cash and cash equivalents	(14,052)	(8,734)
Cash and cash equivalents at beginning of period	34,306	32,385
Cash and cash equivalents at end of period	$ 20,254	$ 23,651
Supplemental cash flow information:		
Cash paid for interest	$ 2,033	$ 1,044
Cash paid for income taxes	$ 41	$ 85

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

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

Note 1. Basis of presentation.

The accompanying unaudited condensed consolidated financial statements include the accounts of Atlantic American Corporation and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying 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. Operating results for the six month period ended June 30, 2000, are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. 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, 1999.

Note 2. Impact of recently issued accounting standards.

The Financial Accounting Standards Board has issued Statement 133,"Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 provides a comprehensive and consistent standard for recognition and measurement of derivatives and hedging activity. SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value and establishes specific accounting methods for hedges. Changes in the value of most derivatives and hedges will be included in earnings in the period of the change. In June 2000 the Financial Accounting Standards Board issued statement 138 which amends SFAS 133. SFAS 133 as amended by SFAS 137, is effective for years beginning after June 15, 2000. The Company intends to adopt SFAS 133 on January 1, 2001. Management does not believe the adoption of SFAS 133 as amended, will have a material effect on the Company's financial condition or results of operations.

Note 3. Segment Information

The Company has four principal insurance subsidiaries that each focus on a specific geographic region and/or specific products. Each company is managed autonomously and is evaluated on its individual performance. The following summary sets forth each company's revenue and pretax income (loss) for the quarter and year-to-date periods ended June 30, 2000 and 1999.

Revenues

	Three Months Ended June 30, 2000		Six Months Ended June 30, 2000	
	2000	1999	2000	1999
American Southern	$ 10,300	$ 10,518	$ 21,250	$ 20,628
Association Casualty	5,361	-	10,517	-
Georgia Casualty	8,043	5,672	15,266	11,211
Bankers Fidelity	13,057	11,579	26,301	23,005
Corporate and Other	1,722	1,474	3,727	2,921
Adjustments and eliminations	(1,638)	(1,264)	(3,325)	(2,449)
Consolidated results	$ 36,845	$ 27,979	$ 73,736	$ 55,316

Income (loss) before income tax provision

	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
American Southern	$ 1,144	$ 1,008	$ 2,703	$ 2,643
Association Casualty	154	-	(21)	-
Georgia Casualty	71	(105)	515	71
Bankers Fidelity	599	712	1,659	1,558
Corporate and Other	(893)	(947)	(2,055)	(2,124)
Consolidated results	$ 1,075	$ 668	$ 2,801	$ 2,148

Note 4. Credit Arrangements

The Company is a party to a five-year revolving credit facility that provides for borrowings up to $30,000. The interest rate on the borrowings under the facility is based upon the London Interbank Offered Rate ("LIBOR") plus an applicable margin, 3.25% at June 30, 2000. The monthly credit facility provides for the payment of all of the outstanding principal balance at June 30, 2004 with no required principal payments prior to that time.

The Company also has outstanding $25,000 of Series 1999, Variable Rate Demand Bonds (the "Bonds") due July 1, 2009. The Bonds, which are redeemable at the Company's option, pay a variable interest rate that approximates 30-day LIBOR. The Bonds are backed by a thirteen-month letter of credit issued by Wachovia Bank, N.A. The cost of the letter of credit and its associated fees are 3.25%, making the effective rate on the Bonds LIBOR plus 3.25% at June 30, 2000. The interest on the Bonds is payable monthly and the letter of credit fees are payable quarterly. The Bonds do not require the repayment of any principal prior to maturity.

Subsequent to the end of the first quarter, the revolving credit facility and letter of credit were both amended by Wachovia Bank, N.A. as a result of the Company's operating performance during 1999. The amendment establishes new covenants pertaining to funded debt, total capitalization, and EBITDA. Beginning July 1, 2000, as a result of the Company meeting certain financial objectives, the margin on the revolving credit facility will be decreased to 2.75% and the cost of the letter of credit will be decreased to this same level. The margin on the revolving credit facility and the cost of the letter of credit can be further reduced if the Company meets certain financial objectives during 2000. The Company is in compliance with all debt covenants at June 30,2000 and expects to remain in compliance for the remainder of 2000.

Note 5. Reconciliation of Other Comprehensive Loss
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	June 30, 2000	June 30, 1999
Gain on sale of securities included in net income	$ 527	$ 1,479
Other comprehensive loss:		
Net pre-tax unrealized loss arising during year	$ (9,351)	$ (3,198)
Reclassification adjustment	(527)	(1,479)
Net pre-tax unrealized loss recognized in other comprehensive loss	(9,878)	(4,677)
Deferred income tax benefit attributable to other comprehensive loss	3,457	-
Net unrealized loss recognized in other comprehensive loss	(6,421)	(4,677)

Note 6. Acquisition.

On July 1, 1999, the Company acquired 100% of the outstanding stock of Association Casualty Insurance Company ("ACIC") and Association Risk Management General Agency ("ARMGA"), for a combined price of $32,958 with $8,483 of the purchase price paid in the form of common stock of the Company and the remaining $24,475 paid in cash obtained from borrowings under the Company's revolving credit facility. The acquisition of both ACIC and ARMGA were accounted for using the purchase method of accounting. Accordingly, the Company has allocated the purchase price of the companies based on the fair value of the assets acquired and liabilities assumed and their results of operations are included in the consolidated results of operations since the date of acquisition.

The following summarizes the Company's pro-forma unaudited results of operations for the six months ended June 30, 1999, assuming the purchase of ACIC and ARMGA had been consummated as of January 1, 1999:

	Six months ended June 30, 1999
Revenue	$ 66,307
Net income	1,555
Per common share data:	
Basic earnings per share	0.05
Diluted earnings per share	0.05

This pro-forma financial information has been prepared for the informational purposes only and is not necessarily indicative of the results of operations had the transaction been consummated on January 1, 1999, nor is it indicative of results of operations that may be obtained in the future.

Note 8. Earnings per common share

A reconciliation of the numerator and denominator of the earnings per common share calculations are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share data)	2000	1999	2000	1999
Basic Earnings Per Common Share				
Net income	$ 711	$ 651	$ 1,863	$ 2,104
Less preferred stock dividends	(301)	(301)	(603)	(603)
Net income applicable to common shareholders	$ 410	$ 350	$ 1,260	$ 1,501
Weighted average common shares outstanding	21,025	19,071	21,018	19,091
Net income per common share	$ .02	$ .02	$ .06	$ .08
Diluted Earnings Per Common Share:				
Net income applicable to common shareholders	$ 410	$ 350	$ 1,260	$ 1,501
Weighted average common shares outstanding	21,025	19,071	21,018	19,091
Effect of dilutive stock options	59	285	41	292
Weighted average common shares outstanding adjusted for dilutive stock options	21,084	19,356	21,059	19,383
Net income per common share	$ .02	$ .02	$ .06	$ .08

Outstanding stock options of 811,000 and 11,000 in the six month and quarterly periods were excluded from the earnings per common share calculation in 2000 and 1999, respectively, since their impact was antidilutive. The assumed conversion of the Series B Preferred stock was excluded from the earnings per common share calculation for 2000 and 1999 since its impact was antidilutive.

Note 9. Commitments and Contigencies

From time to time the Company and its subsidiaries are parties to litigation occurring in the normal course of business. In the opinion of management, such litigation will not have a material adverse effect on the Company's financial position or results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

Overall Corporate Results

On a consolidated basis, the Company earned $711,000 or $0.02 per diluted share during the second quarter of 2000 compared to net income of $651,000 or $0.02 per diluted share during the second quarter of 1999. Year-to-date net income was $1.9 million or $0.06 per share compared to net income of $2.1 million or $0.08 per share for the first six months of 1999. Pre-tax income increased to $1.1 million during the second quarter of 2000 from $668,000 for the comparable period in 1999. For the first six months of 2000 pre-tax income was $2.8 million compared to $2.1 million in the first half of 1999.

The Company, beginning in the first quarter of 2000, is recognizing a deferred tax provision as a result of the Company's year-end 1999 reassessment of its valuation reserve related to the Company's net operating loss carryforwards. For a further discussion of the Company's valuation allowance refer to note 5 of the Company's consolidated financial statements included in the Company's 1999 Annual Report on Form 10-K for the year ended December 31, 1999.

A more detailed analysis of the individual operating entities and other corporate activities is provided below.

UNDERWRITING RESULTS

American Southern

The following is a summary of American Southern's premiums for the second quarter and first six months of 2000 and the comparable periods in 1999 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Gross written premiums	12,000	6,453	21,272	27,635
Ceded premiums	(1,237)	(1,290)	(2,555)	(2,563)
Net written premiums	$ 10,763	$ 5,163	$ 18,717	$ 25,072
Net earned premiums	$ 9,006	$ 9,392	$ 18,684	$ 18,364

Gross written premiums at American Southern increased $5.5 million for the quarter while declining $6.4 million for the year to date period. During 2000 American Southern has been recognizing the premium on one of its larger contracts on a monthly basis; during 1999 the entire annual contract was recognized as written premium during the first quarter. This contract was renewed, through a competitive bidding process, in the early 2000; however, one of the other parties bidding for this work has appealed the awarding of this business to American Southern. While the Company is confident that it can defend any appeal, as a conservative measure American Southern is recognizing this premium on a monthly basis until the appeal is settled rather than recognizing the annual premium and offsetting this with unearned premium as was done in 1999.

Net earned premium for the quarter decreased $386,000 while for the first six months it is up $320,000. The contract discussed previously, when renewed, was done so at a lower rate than in the previous year. As a result of this rate reduction earned premium for the quarter declined slightly in comparison to the previous year. While American Southern renewed this contract at a lower rate, it is management's opinion that this contract will remain profitable. This reduction in earned premium is offset partially, particularly for the year to date period, by the increase in earned premium from American Southern's joint venture with the AAA of the Carolinas' Motor Club. This program began writing business in 1999 and as a result did not have a significant impact on earned premiums in the first quarter of 1999. Earned premiums from the joint venture were $821,000 in the second quarter of 2000 compared to $480,000 in the second quarter of 1999. For the year to date period earned premiums from this program were $1.6 million in 2000 compared to $678,000 in 1999.

The following is a break out of American Southern's earned premium by line of business for the second quarter and first six month of 2000 and the comparable periods in 1999 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Commercial automobile	$ 6,621	$ 6,981	$ 13,527	$ 13,801
Private passenger auto	821	480	1,640	678
General liability	827	1,124	1,791	2,298
Property	722	792	1,698	1,557
Other	15	15	28	30
	$ 9,006	$ 9,392	$ 18,684	$ 18,364

American Southern produces much of its business through contracts with various states and municipalities, some of which represent significant amounts of revenue for the company. These contracts, which last from one to three years, are periodically subject to competitive renewal quotes and the loss of a significant contract could have a material adverse effect on the business or financial condition of American Southern and the Company. Other than the contract discussed above, none of American Southern's significant contracts are currently up for renewal. In an effort to increase the number of programs underwritten by American Southern and to insulate it from the loss of any one program, the company is continually evaluating new underwriting programs.

The following is a break-out of the loss and expense ratios of American Southern for the second quarter and first six months of 2000 and for the comparable periods in 1999:

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Loss ratio	71.2%	79.7%	67.6%	72.4%
Expense ratio*	30.1%	21.1%	31.3%	25.1%
Combined ratio	101.3%	100.8%	98.9%	97.5%

*Excludes the amortization of goodwill associated with the acquisition of American Southern.

The loss ratio for the second quarter and year to date period represents an improvement over the comparable periods in 1999. This improvement is caused, in part, by improving results on the Company's private passenger automobile line. The increase in the expense ratio is due in part to an increase in the company's private passenger auto line of business on which the company pays a 15% commission. This commission exceeds the company's commission on its other lines of business; however, it is competitive with the industry. In addition, much of American Southern's business is written with a profit sharing arrangement that rewards the company's agents for writing profitable business, as a result a lower loss ratio results in a higher commission paid to the agent.

Association Casualty

The results of both Association Casualty Insurance Company and Association Risk Management General Agency (together referred to as "Association Casualty") are presented for the first six months of 2000; however, since the Company did not own these companies during the first half of 1999 no comparative information is presented.

The following is a summary of Association Casualty's premiums for the second quarter and first six months of 2000 (in thousands):

	Three months ended June 30, 2000	Six months ended June 30, 2000
Gross written premiums	6,849	11,854
Ceded premiums	(1,763)	(2,116)
Net written premiums	5,086	9,738
Net earned premiums	$ 4,618	$ 8,986

Association Casualty writes predominately workers' compensation insurance in the state of Texas (95% of net earned premiums). The Texas' workers compensation market remains extremely competitive; however, Association Casualty has been successful in attracting new business and in increasing the rates it is charging for renewal business. Compared to the first six months of 1999 (preacquisition) net written premiums are up 18.3%.

The following is the loss and expense ratio for Association Casualty for the first quarter of 2000:

	Three months ended June 30, 2000	Six months ended June 30, 2000
Loss ratio	68.0%	75.1%
Expense ratio*	33.6%	35.3%
Combined ratio	101.6%	110.4%

*Excludes the amortization of goodwill and interest on an intercompany surplus note associated with the acquisition of Association Casualty.

Association Casualty continues to be adversely impacted by the liberal interpretation of workers' compensation laws in the State of Texas. The company is also seeing an increase in the number of claims that are being reported for second surgeries. The company has been taking action to increase its pricing and the impact of this action is being seen in increased premiums and a lower ratio. The loss ratio for the quarter improved to 68.0% from 82.6% for the first quarter of 2000. In addition, the frequency of severe claims decreased during the second quarter as compared to the first quarter.

Georgia Casualty

The following is a summary of Georgia Casualty's premiums for the second quarter and first six months of 2000 and the comparable periods in 1999 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Gross written premiums	9,602	6,248	20,623	13,065
Ceded premiums	(1,022)	(1,484)	(1,840)	(2,871)
Net written premiums	$ 8,580	$ 4,764	$ 18,783	$ 10,194
Net earned premiums	$ 7,364	$ 4,778	$ 13,789	$ 9,340

Gross written premiums at Georgia Casualty increased $3.4 million or 53.7% during the second quarter of 2000 and $7.6 million or 57.8% during the first six half of 2000. The increase in premium is the result of several factors. First, the company, beginning in the first quarter of 2000, began evaluating and underwriting insurance for large associations and other homogenous risks. In addition, the company has been aggressively increasing premiums on its renewal business and has been pricing new business at rates higher than those used a year ago. Lastly, the new management team at Georgia Casualty, through its relationship with the insurance community, has broadened the agency force used by the company. The decline in ceded premium is the result of the discontinuation of the stop-loss reinsurance agreement that the company put in place in the first quarter of 1999. Due to the improved results seen by Georgia Casualty, the protection offered by the stop loss agreement is, in the opinion of management, no longer necessary.

The following is a break-out of Georgia Casualty's earned premium by line of business for the second quarter and first six months of 2000 and the comparable periods in 1999 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Workers' compensation	$ 4,454	$ 3,228	$ 8,485	$ 6,216
General liability	663	294	1,239	596
Commercial multi-peril	973	364	1,714	758
Commercial automobile	1,209	747	2,217	1,468
Property	65	145	134	302
	$ 7,364	$ 4,778	$ 13,789	$ 9,340

The following is a break out of Georgia Casualty's loss and expense ratios for the second quarter and first six months of 2000 and the comparable periods in 1999:

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Loss ratio	71.7%	79.6%	70.3%	78.5%
Expense ratio	36.5%	41.3%	36.6%	40.8%
Combined ratio	108.2%	120.9%	106.9%	119.3%

The loss ratio declined to 71.7% in the second quarter of 2000 from 79.6% in the second quarter of 1999 and from 78.5% for the first six months of 1999 to 70.3% for the comparable period in 2000. The primary reason for the decline is the complete elimination, during the latter part of 1999, of two underwriting programs the performance of which was substandard. In addition, the company is seeing the benefits of the increased rates that began in the fourth quarter of 1999. Also, the mix of business that Georgia Casualty underwrites has changed from one of higher hazards (e.g., logging and habitational contractors) to low and moderate hazards (e.g., retail and light manufacturing). The expense ratio for the quarter declined to 36.5% from 41.3%, and to 36.6% from 40.8% for the year to date period, primarily as a result of the increase in earned premiums and only a moderate increase in fixed expenses.

Bankers Fidelity

The following summarizes Bankers Fidelity's premiums for the second quarter and first six months of 2000 and the comparable periods in 1999 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Medicare supplement	$ 7,598	$ 6,227	$ 14,992	$ 12,169
Other health	751	815	1,516	1,652
Life	3,474	3,158	6,723	6,188
Total all lines	$ 11,823	$ 10,200	$ 23,231	$ 20,009

Premium revenue at Bankers Fidelity increased $1.6 million or 15.9% during the second quarter of 2000 and $3.2 million or 16.1% for the year to date period. The most significant increase in premium arose in the Medicare supplement line of business which increased 22.0% for the quarter and 23.2% for the year. During 1999, Bankers Fidelity expanded its Medicare supplement product into additional states which, over the course of the year, increased the sales of this product. The effects of this expansion are now being fully seen. In addition, during the fourth quarter of 1999 and first quarter of 2000 Bankers Fidelity implemented rate increases on this product, in some cases up to 30%. While the full effect of these rate increases is just now being been seen on renewal business, it is being reflected in the new business written by the company. In spite of these rate increases, the renewal rate on this product was in excess of 86% for the year. Bankers Fidelity is also continuing to see increased sales of its life products. The major marketing effort at Bankers Fidelity continues to be on this product line.

The following summarizes Bankers Fidelity's operating expenses for the second quarter and first six months of 2000 and the comparable periods in 1999 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Benefits and losses	$ 8,566	$ 7,088	$ 16,908	$ 14,008
Commission and other expenses	3,892	3,776	7,734	7,436
Total expenses	$ 12,458	10,864	24,642	21,444

The increase in both benefits and losses and commission and other expenses is directly attributable to the increase in premiums. Benefits and losses are up 20.9% for the quarter and 20.7% for the year, slightly out pacing the increase in premiums. As a percentage of premiums, benefits and losses were 72.4% for the quarter and 72.8% for the year compared to 69.5% in the second quarter of 1999 and 70.0% for the first six months of 1999. The increase is primarily attributable to increased medical costs. The rate increases that Bankers Fidelity has put in place will ultimately mitigate the increases in medical costs; however, it will take several quarters before the full effect of the rate increases is seen.

As a result of an effort to reduce commission costs as well as streamline expenses, commission and other expenses increased only 3.1% during the quarter and 4.0% year to date. As a percentage of premium, these expenses were 32.9% for the second quarter of 2000 compared to 37.0% in the second quarter of 1999. Year to date this ratio improved to 33.3% from 37.2% in 1999.

INVESTMENT INCOME AND REALIZED GAINS

Investment income for the quarter increased $980,000 over the second quarter of 1999 and increased $2.1 million year to date. The addition of Association Casualty accounted for $612,000 of the increase for the quarter and $1.2 million of the year to date increase. The Company also benefited from a significant gain in a real estate partnership in which it is involved. The investment, which is accounted for under the equity method, generated income of approximately $634,000 during the first half of 2000. To take advantage of the steepening yield curve the company shifted securities from short-term to longer-term securities. This also contributed to the increase in investment income for the quarter.

The Company recognized a $20,000 realized loss for the quarter. Management continually evaluates the Company's investment portfolio and when opportunities arise will divest appreciated investments.

INTEREST EXPENSE

Interest expense for the second quarter and first six months of 2000 increased significantly compared to 1999. In conjunction with the acquisition of Association Casualty, the Company entered into a $30.0 million revolving credit facility with Wachovia Bank, N.A. During the first quarter of 2000, the Company paid down $1.0 million on the revolver, leaving $25.0 million outstanding under the facility. This debt, coupled with the $25 million variable rated demand bonds entered into during the second quarter of 1999, the proceeds of which were used to pay down the Company's prior credit facility, bring the total debt at June 30, 2000 to $50.0 million, up from $26.0 million in the first quarter of 1999. In addition both the base interest rate, LIBOR, and the interest rate margin increased over the prior year. The interest rate on both the revolver and the bonds is variable and is tied to 30-day LIBOR.

OTHER EXPENSES AND TAXES

The increase in other operating expenses during the quarter and year is attributable to the inclusion of Association Casualty, beginning in the third quarter of 1999.

The Company, beginning in the first quarter of 2000 is recognizing a deferred tax provision as a result of the Company's year-end 1999 reassessment of its valuation reserve related to the Company's net operating loss carryforwards. For a further discussion of the Company's valuation allowance refer to Note 5 of the Company's consolidated financial statements included in the Company's 1999 Annual Report on Form 10-K for the year ended December 31, 1999.

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 is 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 $1.4 million for the first six months of 2000 compared to statutory net income of $2.2 million for the first six months of 1999. The reasons for the decrease in statutory earnings in the first half of 2000 are the same as those discussed in "Results of Operations" above. Statutory results are further compounded by the recognition of 100% of the costs of acquiring business. In a growth environment this can cause statutory results to appear deflated. 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 has one series of preferred stock outstanding, substantially all of which is held by affiliates of the Company's chairman and principal shareholders. 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, 2000, the Company had accrued, but unpaid dividends on the Series B Stock totaling $5.4 million.

On June 24, 1999, the Company issued $25.0 million in Taxable Variable Rate Demand Bonds, Series 1999 (the "Bonds") to replace the Company's existing bank facility. The Bonds will mature on July 1, 2009 and pay a variable interest rate that approximates 30-day LIBOR. The Bonds are backed by a Letter of Credit issued by Wachovia Bank, N.A. The cost of the Letter of Credit and its associated fees was 325 basis points at June 30, 2000, making the effective cost of the bonds LIBOR plus 325 basis points. The credit facility that was replaced by the Bonds was a term loan with an interest rate of prime less 50 basis points and would have matured December 31, 2000.

On July 1, 1999, the Company entered into a $30.0 million revolving credit facility with Wachovia Bank, N.A. to finance a portion of its acquisition of Association Casualty. The revolver has a five-year term and requires no principal payments until maturity. The interest rate on the revolver is 30-day LIBOR plus 325 basis points at June 30, 2000. The Company paid down $1.0 million on this facility during the first quarter of 2000, reducing the outstanding balance to $25.0 million.

The Company is required, under both credit facilities, to meet certain debt covenants including maintaining certain ratios of earnings before interest, taxes, depreciation and amortization ("EBITDA") to interest, debt to EBITDA and debt to total capitalization. The Company was in compliance with all of its debt covenants at June 30, 2000.

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 quarter of 2000 increased slightly over the first quarter of 1999. 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 $35 million at June 30, 2000.

Over 90% 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, 2000, Georgia Casualty had $6.2 million of accumulated statutory earnings, American Southern had $19.5 million of accumulated statutory earnings, Association Casualty had $13.8 million of accumulated statutory earnings, and

Bankers Fidelity had $12.4 million of accumulated statutory earnings.

Net cash provided by operating activities was $6.4 million in the first half of 2000 compared to net cash used in operating activities of $385,000 in the first half of 1999. Cash and short-term investments decreased from $34.3 million at December 31, 1999, to $20.3 million at June 30, 2000, mainly due to an increase in longer-term investments. Total investments (excluding short-term investments) increased to $209.3 million due to the shift from short-term investments.

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

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, 1999 and the other filings made by the Company from time to time with the Securities and Exchange Commission.

PART II. OTHER INFORMATION

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Due to nature of the Company's business it is exposed to both interest rate and market risk. Changes in interest rates, which represent the largest factor affecting the Company, may result in changes in the fair market value of the Company's investments, cash flows and interest income and expense. The Company is also subject to risk from changes in equity prices.

Refer to our annual Report on Form 10-K for the year December 31, 1999 for a detailed disclosure about Quantitative and qualitative disclosures concerning market risk. Quantitative and qualitative disclosures about market risk have not materially changed since December 31, 1999.

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

On May 2, 2000, the shareholders of the Company cast the following votes at the annual meeting of shareholders for the election of directors of the Company, and the appointment of Arthur Andersen LLP as the Company's auditors.

Election of Directors	Shares Voted	
Director Nominee	For	Withheld
J. Mack Robinson	19,161,012	179,629
Hilton H. Howell, Jr.	19,283,871	56,770
Samuel E. Hudgins	19,155,591	185,050
D. Raymond Riddle	19,284,598	56,043
Harriett J. Robinson	19,160,880	179,761
Scott G. Thompson	19,284,486	56,155
Mark C. West	19,284,698	55,943
William H. Whaley, M.D.	19,283,189	57,452
Dom H. Wyant	19,154,184	186,457
Edward E. Elson	19,265,765	74,876
Harold K. Fischer	19,164,897	175,744

Appointment of Independent Public Accountants	Shares Voted		
	For	Against	Abstain
Arthur Andersen LLP	19,307,007	10,541	23,093

PART II. OTHER INFORMATION

Item 6. Exhibits and Report on Form 8-K

(a) The following exhibits are filed herewith:

Exhibit 10.1 First Admendment to Credit Agreement, between the Company and Wachovia Bank, N.A., dated as of March 24, 2000.

Exhibit 27. Financial data schedule

(b) No reports on Form 8-K were filed with the Securities and Exchange Commission during the first quarter of 2000.

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)

/s/

Date: August 10, 2000

By: ---------------------------
Edward L. Rand, Jr.
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made the 24th day of March, 2000, between ATLANTIC AMERICAN CORPORATION, a Georgia corporation (the "Borrower") and WACHOVIA BANK, N.A (the "Bank").

Background:

The Borrower and the Bank have entered into a Credit Agreement dated as of July 1, 1999 (the "Credit Agreement"). The Borrower and the Bank wish to amend the Credit Agreement in certain respects, as hereinafter provided.

NOW, THEREFORE, the Borrower and the Bank agree as follows:

SECTION 1. Definitions. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings assigned to them in the Credit Agreement.

SECTION 2. The Credit Agreement is amended as set forth in this Section 2.

2.1. Amendment to Section 1.01. Section 1.01 of the Credit Agreement is hereby amended by inserting a new definition to read as follows:

"Effective Date" means March 24, 2000.

2.2. Amendment to Section 2.05. Section 2.05(a) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(a)"Applicable Margin" shall be determined quarterly based upon the ratio of Funded Debt to EBITDA (calculated as of the last day of each Fiscal Quarter), as follows:

Ratio of Funded Debt to EBITDA	Base Rate Loans	Euro-Dollar Loans
Greater than or equal to 5.5 to 1.0	0%	3.75%
Greater than or equal to 5.0 to 1.0 but less than 5.5 to 1.0	0%	3.25%
Greater than or equal to 4.5 to 1.0 but less than 5.0 to 1.0	0%	2.75%
Greater than or equal to 4.0 to 1.0 but less than 4.5 to 1.0	0%	2.50%
Greater than or equal to 3.5 to 1.0 but less than 4.0 to 1.0	0%	2.25%
Greater than or equal to 3.0 to 1.0 but less than 3.5 to 1.0	0%	2.00%
Less than 3.0 to 1.0	0%	1.75%

The Applicable Margin shall be determined effective as of the date (herein, the "Rate Determination Date") which is 60 days after the last day of the Fiscal Quarter as of the end of which the foregoing ratio is being determined, based on the quarterly financial statements of the Borrower for such Fiscal Quarter, and the Applicable Margin so determined shall remain effective from such Rate Determination Date until the date which is 60 days after the last day of the Fiscal Quarter in which such Rate Determination Date falls (which latter date shall be a new Rate Determination Date); provided that (i) for the period from and including the Effective Date to but excluding the

Rate Determination Date next following the Effective Date, the Applicable Margin shall be 0% for Base Rate Loans and 3.25% for Euro-Dollar Loans (ii) in the case of any Applicable Margin determined for the fourth and final Fiscal Quarter of a Fiscal Year, the Rate Determination Date shall be the date which is 120 days after the last day of such final Fiscal Quarter and such Applicable Margin shall be determined based upon the annual audited financial statements of the Borrower for the Fiscal Year ended on the last day of such final Fiscal Quarter, and (iii) if on any Rate Determination Date the

Borrower shall have failed to deliver to the Banks the financial statements required to be delivered pursuant to Section 5.01(a) or Section 5.01(b) with respect to the Fiscal Year or Fiscal Quarter, as the case may be, most recently ended prior to such Rate Determination Date, then for the period beginning on such Rate Determination Date and ending on the immediately succeeding Rate Determination Date, the Applicable Margin shall be determined as if the ratio of Funded Debt to EBITDA was more than 5.5 to 1.0 at all times during such period. Any change in the Applicable Margin on any Rate Determination Date shall result in a corresponding change, effective on and as of such Rate Determination Date, in the interest rate applicable to each Loan outstanding on such Rate Determination Date, provided that no Applicable Margin shall be decreased pursuant to this Section 2.05 if a Default is in existence on the Rate Determination Date.

2.3. Amendment to Section 5.03. Section 5.03 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.03. Ratio of Funded Debt to Consolidated Total Capitalization. The ratio of Funded Debt to Consolidated Total Capitalization will not at any time exceed (i) for the period from and including the Effective Date to and including December 31, 2000, 50% and (ii) for any period on or after January 1, 2001, 40%.

2.4. Amendment to Section 5.05. Section 5.05 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.05. Ratio of Funded Debt to EBITDA. As of the end of each Fiscal Quarter, the ratio of Funded Debt as of the end of such Fiscal Quarter to EBITDA for the period of 4 consecutive Fiscal Quarters then ended shall be less than (a) 5.85 to 1.0 for each Fiscal Quarter ending on or before March 31, 2000, (b) 5.10 to 1.0 for each Fiscal Quarter ending after March 31, 2000, and on or before June 30, 2000, (c) 4.35 to 1.0 for each Fiscal Quarter ending after June 30, 2000, and on or before December 31, 2000, (d) 3.50 to 1.0 for each Fiscal Quarter ending after December 31, 2000, and on or before September 30, 2001, and (c) 3.00 to 1.0 for each Fiscal Quarter thereafter.

2.5. Amendment to Section 5.06. Section 5.06 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.06. Ratio of EBITDA to Consolidated Interest Expense. At the end of each Fiscal Quarter, the ratio of EBITDA for the period of 4 consecutive Fiscal Quarters then ended to Consolidated Interest Expense for the period of 4 consecutive Fiscal Quarters then ended shall be greater than (a) 2.5 to 1.0 for each Fiscal Quarter ending on or before June 30, 2000, (b) 3.0 to 1.0 for each Fiscal Quarter ending on or before June 30, 2001 and (c) 3.5 to 1.0 for each Fiscal Quarter thereafter.

SECTION 3. No Other Amendment. Except for the amendment set forth above, the text of the Credit Agreement shall remain unchanged and in full force and effect. This Amendment is not intended to effect, nor shall it be construed as, a novation. The Credit Agreement and this Amendment shall be construed together as a single instrument and any reference to the "Agreement" or any other defined term for the Credit Agreement in the Credit Agreement, the Loan Documents or any certificate, instrument or other document delivered pursuant thereto shall mean the Credit Agreement as amended hereby and as it may be amended, supplemented or otherwise modified hereafter. Nothing herein contained shall waive, annul, vary or affect any provision, condition, covenant or agreement contained in the Credit Agreement, except as herein amended, or any of the other Loan Documents nor affect nor impair any rights, powers or remedies under the Credit Agreement, as hereby amended or any of the other Loan Documents. The Bank does hereby reserve all of its rights and remedies against all parties who may be or may hereafter become secondarily liable for the repayment of the Notes. The Borrower promises and agrees to perform all of the requirements, conditions, agreements and obligations under the terms of the Credit Agreement, as heretofore and hereby amended, and the other Loan Documents, the Credit Agreement, as amended, and the other Loan Documents being hereby ratified and affirmed. The Borrower hereby expressly agrees that the Credit Agreement, as amended, and the other Loan Documents are in full force and effect.

SECTION 4. **Representations and Warranties.** The Borrower hereby represents and warrants in favor of the Bank as follows:

(a) The representations and warranties of the Borrower contained in Article IV of the Credit Agreement are true on and as of the date hereof;

(b) No Default or Event of Default under the Credit Agreement has occurred and is continuing on the date hereof;

(c) The Borrower has the corporate power and authority to enter into this Amendment and to do all acts and things as are required or contemplated hereunder to be done, observed and performed by it;

(d) This Amendment has been duly authorized, validly executed and delivered by one or more authorized officers of the Borrower, and this Amendment and the Credit Agreement, as amended hereby constitutes the legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms; and

(e) The execution and delivery of this Amendment and the Borrower's performance hereunder and under the Credit Agreement as amended hereby do not and will not require the consent or approval of any regulatory authority or governmental authority or agency having jurisdiction over the Borrower other than those which have already been obtained or given, nor be in contravention of or in conflict with the Articles of Incorporation or Bylaws of the Borrower, or the provision of any statute, or any judgment, order or indenture, instrument, agreement or undertaking, to which the Borrower is a party or by which its assets or properties are or may become bound.

SECTION 5. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement.

SECTION 6. **Governing Law.** This Amendment shall be construed in accordance with and governed by the laws of the State of Georgia.

SECTION 7. **Amendment Fee.** On the Effective Date, the Borrower shall pay to the Bank an amendment fee equal to the product of the Commitment (irrespective of usage) as of such date multiplied by 0.25%.

[Remainder of page intentionally left blank]

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

Attest: ATLANTIC AMERICAN CORPORATION

_______________________________ By:________________________________(SEAL)

Its:__________________________ Its: __________________________________

[CORPORATE SEAL]

WACHOVIA BANK, N.A.

By:__________________________________

Title:________________________________

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