SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2000

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

Commission file number 0-3722

ATLANTIC AMERICAN CORPORATION

(Exact name of registrant as specified in its charter)

Georgia	58-1027114
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
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

Securities registered pursuant to section 12(b) of the Act:
None
Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $1.00 par value
(Title of class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of common stock held by non-affiliates of the registrant as of March 19, 2001, was $10,842,420. On March 19, 2001 there were 21,171,008 shares of the registrant's common stock, par value $1.00 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of registrant's Annual Report to Shareholders for the year ended December 31, 2000 - Parts I, II and IV.

2. Portions of registrant's Proxy Statement for the Annual Meeting of Shareholders, to be held on May 15, 2001, have been incorporated in Items 10, 11, 12 and 13 of Part III of this Form 10-K.

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PART I

ITEM 1. BUSINESS

THE COMPANY

Atlantic American Corporation, a Georgia corporation (the "Parent" or "Company") incorporated in 1968, is a holding company that operates through its subsidiaries in well-defined specialty markets of the life, health, property and casualty insurance industries. Atlantic American's principal subsidiaries are American Southern Insurance Company and American Safety Insurance Company (collectively known as "American Southern"), Association Casualty Insurance Company ("ACIC"), Georgia Casualty & Surety Company, ("Georgia Casualty") and Bankers Fidelity Life Insurance Company ("Bankers Fidelity").

On July 1, 1999 the Company, for an aggregate price of $33.0 million, acquired 100% of outstanding stock of Association Casualty Insurance Company ("ACIC") and its affiliated agency, Association Risk Management General Agency, Inc ("ARMGA"), both of which are domiciled in Texas. The acquisition of both companies was accounted for using the purchase method of accounting. Together ACIC and ARMGA are referred to as Association Casualty. In addition, on April 1, 1999 the Company merged American Independent Life Insurance Company ("American Independent") into Bankers Fidelity completing the consolidation of these two companies whose operations had been assimilated following the acquisition of American Independent in 1997.

The Company's strategy is to focus on well-defined geographic, demographic and/or product niches within the insurance market place. The underwriting function of each of the Company's subsidiaries operates with relative autonomy which allows for quick reaction to market opportunities. In addition, the Company seeks to develop and expand cross-selling opportunities and other synergies among its subsidiaries as they arise.

CASUALTY OPERATIONS

The Company's casualty operations are composed of three distinct entities, American Southern, Association Casualty and Georgia Casualty. The primary products offered by the casualty group are described below, followed by an overview of each company.

Workers' Compensation Insurance policies provide indemnity and medical benefits to insured workers for injuries sustained in the course of their employment.

Business Automobile Insurance policies provide for bodily injury and/or property damage liability coverage, uninsured motorists coverage, and physical damage coverage to commercial accounts.

General Liability Insurance policies cover bodily injury and property damage liability for both premises and completed operations exposures for general classes of business.

Property Insurance policies provide for payment of losses on real and personal property caused by fire and other multiple perils.

Personal Automobile Insurance policies provide for bodily injury and property damage liability coverage, uninsured motorists coverage, and physical damage coverage for individuals.

AMERICAN SOUTHERN. American Southern provides tailored fleet automobile and long-haul physical damage insurance coverage, on a multi-year contract basis, to state governments, local municipalities and other large motor pools and fleets ("block accounts") that can be specifically rated and underwritten. The size of the block accounts insured by American Southern are such that individual class experience generally can be determined, which allows for customized policy terms and rates. American Southern produces business in 23 of the 24 states in the Southeast and Midwest in which it is authorized to conduct business. Additionally, American Southern provides personal automobile insurance to the members of the Carolina Motor Club, an AAA affiliate. While the majority of American Southern's premiums are derived from auto liability and auto physical damage, American Southern also provides property, general liability and surety coverage.

The following table summarizes, for the periods indicated, the allocation of American Southern's net earned premiums for each of its principal product lines since its acquisition by the Company:

	YEAR ENDED DECEMBER 31, (in thousands)			
	2000	1999	1998	1997
Automobile Liability	$ 22,795	$ 24,573	$ 23,396	$ 30,909
Automobile Physical Damage	7,397	6,112	4,288	4,508
General Liability	3,536	4,302	4,291	3,116
Property	3,383	3,118	2,970	3,206
Surety	61	61	57	60
Total	$ 37,172	$ 38,166	$ 35,002	$ 41,799

GEORGIA CASUALTY. Georgia Casualty is a property-casualty insurance company which provides workers' compensation, commercial property, general liability and automobile insurance in the Southeastern United States.

While Georgia Casualty has historically written business in industries that are perceived to be high risk, it has recently begun to focus on diversifying its book of business. Currently, Georgia Casualty is targeting retail, light manufacturing, service, and other lower hazard risks. Georgia Casualty is licensed to do business in thirteen Southeastern states; however, historically it has focused its efforts on Georgia, Mississippi, and Northern Florida. Along with the diversification of its book of business, Georgia Casualty is in the process of expanding geographically, with added focus on the states of North Carolina, South Carolina, and Tennessee.

The following table summarizes, for the periods indicated, the allocation of Georgia Casualty's net earned premiums for each of its principal product lines:

	YEAR ENDED DECEMBER 31, (in thousands)				
	2000	1999	1998	1997	1996
Workers' Compensation	$ 16,741	$ 13,157	$ 14,344	$ 12,841	$ 13,826
Business Automobile	4,918	2,876	3,750	4,031	2,550
General Liability	2,531	1,251	1,619	1,387	1,152
Property	4,386	2,119	2,100	1,657	1,269
Total	$ 28,576	$ 19,403	$ 21,813	$ 19,916	$ 18,797

ASSOCIATION CASUALTY

Association Casualty is a property-casualty insurance company which provides primarily workers' compensation insurance in the state of Texas. During 2000, Association Casualty began offering general liability, property, and other commercial coverages to complement its existing book of business. In 2000 Association Casualty had net earned premiums of $20.1 million of which 94.7% was workers' compensation business.

The following table summarizes, for the periods indicated, the allocation of Association Casualty's net earned premiums for each of its principal product lines.

	YEAR ENDED DECEMBER 31, (in thousands)	
	2000	(1) 1999
Workers' Compensation	$ 19,051	$ 8,158
Business Automobile	64	--
General Liability	5	--
Property	81	--
Group Accident and health	909	340
Total	$ 20,110	$ 8,498

(1) Includes results for the period July 1, 1999 through December 31, 1999.

BANKERS FIDELITY

Bankers Fidelity, which constitutes the life and health operations of Atlantic American Corporation, offers a variety of life and supplemental health products with a focus on the senior and middle income markets. Products offered by Bankers Fidelity include: ordinary life, Medicare supplement, cancer, and other supplemental health insurance products. Medicare supplement, offered on both a standard and preferred basis, accounted for 65.7% of Bankers Fidelity's net premiums in 2000. Life insurance, including both whole and term life insurance policies, accounted for 28.2% of Bankers Fidelity's premiums in 2000. Bankers Fidelity also offers several of its products, both life and supplemental health, through payroll deduction services.

The following table summarizes, for the periods indicated, the allocation of Bankers Fidelity's net premiums earned for each of its principal product lines followed by a brief description of the principal products:

	YEAR ENDED DECEMBER 31, (in thousands)				
	2000	1999	1998	1997	1996
Life Insurance	$ 13,445	$ 12,499	$ 11,748	$ 10,453	$ 10,240
Medicare Supplement	31,295	25,822	19,743	12,534	11,560
Cancer, accident and other health	2,899	3,206	2,986	3,980	4,178
Total Accident and Health	34,194	29,028	22,729	16,514	15,738
Total Life and Accident and Health	$ 47,639	$ 41,527	$ 34,477	$ 26,967	$ 25,978

Life Products. Bankers Fidelity offers non-participating individual term and whole life insurance policies with a number of available riders and options.

Medicare Supplement. Bankers Fidelity currently markets 7 of the 10 standardized Medicare supplement policies created under the Omnibus Budget Reconciliation Act of 1990 ("OBRA 1990") which are designed to provide insurance coverage for certain expenses not covered by the Medicare program, including copayments and deductibles.

Cancer, Accident & Other Health Coverages. Bankers Fidelity offers several policies providing for payment of benefits in connection with the treatment of diagnosed cancer, as well as a number of other policies including convalescent care, accident expense, hospital/surgical and disability.

MARKETING

CASUALTY OPERATIONS

AMERICAN SOUTHERN. American Southern's business is marketed through a small number of specialized, experienced independent agents. Most of American Southern's agents are paid a moderate up-front commission with the potential for additional commission by participating in a profit sharing arrangement that is directly linked to the profitability of the business generated. In addition, a significant portion (approximately 46.8% of total written premium in 2000) of American Southern's premiums are assumed from third parties. In arrangements similar to those with its agents, the premium assumed from these parties is adjusted based upon the profitability of the assumed business. During 1998, American Southern formed American Auto Club Insurance Agency, LLC in a 50/50 joint venture with the AAA Carolinas to market personal automobile insurance to the members of the automobile club. The program, which began writing business in 1999, had gross written premiums of approximately $7.2 million during 2000.

ASSOCIATION CASUALTY. Association Casualty is represented by a field force of approximately 130 independent agents for the sale and distribution of its insurance products. Each agency is a party to a standard agency contract that sets forth the commission structure and other terms and can be terminated by either party. Marketing efforts are handled by an experienced staff of insurance professionals.

GEORGIA CASUALTY. Georgia Casualty is represented by a field force of approximately 80 independent agents for the sale and distribution of its insurance products. Each agency is a party to a standard agency contract that sets forth the commission structure and other terms and can be terminated by either party upon thirty days written notice. Georgia Casualty also offers a contingent profit-sharing arrangement that allows the most profitable agents to earn additional commissions when specific loss experience and premium growth goals are achieved. Marketing efforts, directed by experienced marketing professionals, are complemented by the underwriting, risk management, and audit staffs of Georgia Casualty, who are available to assist agents in the presentation of all insurance products and services to their insureds. Georgia Casualty has also begun marketing programs that include endorsements from trade organizations and business franchises.

BANKERS FIDELITY

Bankers Fidelity markets its policies through commissioned, independent agents. In general, Bankers Fidelity enters contractual arrangements with general agents who, in turn, contract with independent agents. The standard agreements set forth the commission arrangements and are terminable by either party upon thirty days written notice. General agents receive an override commission on sales made by agents contracted by them. Management believes utilizing direct writing, experienced agents, as well as independent general agents who recruit and train their own agents, is cost effective. All independent agents are compensated on a pure commission basis. Using independent agents also enables Bankers Fidelity to expand or contract their sales forces at any time without incurring significant additional expense.

Bankers Fidelity has implemented a selective agent qualification process and had 2,342 licensed agents in 2000. The agents concentrate their sales activities in either the accident and health or life insurance product lines. During 2000, a total of 1,384 agents wrote policies on behalf of Bankers Fidelity.

Products of Bankers Fidelity compete directly with products offered by other insurance companies, as agents may represent several insurance companies. Bankers Fidelity, in an effort to motivate agents to market their products, offers the following agency services: a unique lead system, competitive products and commission structures, efficient claims service, prompt payment of commissions, simplified policy issue procedures, periodic sales incentive programs and, in some cases, protected sales territories consisting of counties and/or zip codes.

The company utilizes a distribution sales system which is centered around a lead generation plan that rewards qualified agents with leads in accordance with monthly production goals. In addition, a protected territory is established for each qualified agent, which entitles them to all leads produced within that territory. The territories are zip code or county based and encompass enough physical territory to produce a minimum senior population of 12,000. In addition, Bankers Fidelity recruits at a general agent level rather than at a managing general agent level in an effort to reduce commission expenses further.

The Company believes this distribution system solves an agent's most important dilemma -- prospecting -- and allows Bankers Fidelity to build long-term relationships with individual producers who view Bankers Fidelity as their primary company. In addition, management believes that Bankers Fidelity's product line is less sensitive to competitor pricing and commissions because of the perceived value of the protected territory and the lead generation plan. Through this distribution channel, production per agent contracted increased substantially when compared to Bankers Fidelity's general brokerage division.

UNDERWRITING

CASUALTY OPERATIONS

American Southern specializes in the handling of block accounts such as states and municipalities that generally are sufficiently large to establish separate class experience, relying upon the underwriting expertise of its agents. In contrast, Georgia Casualty and Association Casualty underwrite the majority of their accounts in-house.

During the course of the policy year, extensive use is made of risk management representatives to assist underwriters in identifying and correcting potential loss exposures and to pre-inspect the majority of the new accounts that are underwritten. The results of each product line are reviewed on a stand-alone basis. When the results are below expectations, management takes appropriate corrective action which may include raising rates, reviewing underwriting standards, reducing commissions paid to agents, altering or declining to renew accounts at expiration, and/or terminating agencies with an unprofitable book of business.

American Southern also acts as a reinsurer with respect to all of the risks associated with certain automobile policies issued by state administrative agencies, naming the state and various local governmental entities as insureds. Premiums written from such policies constituted $22.2 million of American Southern's gross premiums written in 2000. For 2000, premiums assumed of $24.5 million, include a single state contract of $17.2 million. These contracts 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 the company. (see Note 8 of Notes to Consolidated Financial Statements for the year ended December 31, 2000.)

BANKERS FIDELITY

Bankers Fidelity Life issues a variety of products for both health and life to include Medicare Supplements and single and multiple premium life with face amounts of not less than $1,000 and up. The majority of our products are `Yes' or `No' applications which are underwritten on a non-medical basis. The company offers products to all age groups, but primarily to the senior market. For life products other than the senior market, the company may require medical information such as medical examinations subject to age and face amount based on published guidelines. For example, such medical information is ordered for all applicants regardless of age and face amounts of $50,000 and above. For face amounts of $5,000 to $49,999 medical information is ordered only for ages 51 and above. Approximately, 95% of the net premiums earned for both health and life insurance sold during 2000 were derived from insurance written below Bankers Fidelity's medical limits. For the senior market, the company issues products on an accept-or-reject basis with face amounts up to $30,000 for ages 45-70, $20,000 for ages 71-80 and $10,000 for ages 81-85. Banker's Fidelity retains a maximum amount of $50,000 with respect to any individual life (see "Reinsurance").

Applications for insurance are reviewed to determine the face amount, age, and medical history. Depending upon this information and information obtained from the Medical Information Bureau (M.I.B.) report, paramedical requirements, medical records, and, where indicated, special tests are ordered. If deemed necessary, the company may use investigative services to supplement and substantiate information. For certain limited coverages, Bankers Fidelity has adopted simplified policy issue procedures by which an application containing a variety of Yes/No health related questions is submitted. For these plans, paramedical requirements and medical records are not ordered. Presently, approximately 20-30% of all applications for individuals under age 80 are verified by telephone interview with the client. For ages 80 and above, 100% of applications are verified by telephone interview.

POLICYHOLDER AND CLAIMS SERVICES

The Company believes that prompt, efficient policyholder and claims services are essential to its continued success in marketing its insurance products (see "Competition"). Additionally, the Company believes that its insureds are particularly sensitive to claim processing time and to the accessibility of qualified staff to answer inquiries. Accordingly, the Company's policyholder and claims services include expeditious disposition of service requests by providing toll-free access to all customers, 24-hour claim reporting services, and direct computer links with some of its largest accounts. The Company also utilizes a state-of-the-art automatic call distribution system to insure timely response. Inbound calls to customer service support groups are processed efficiently. Operational data generated from this system allows management to further refine ongoing client service programs and service representative training modules.

The Company supports a Customer Awareness Program as the basis for its customer service philosophy. All personnel are required to attend customer service classes. Hours have been expanded in all service areas to serve customers and agents in all time zones.

CASUALTY OPERATIONS

American Southern, Association Casualty, and Georgia Casualty control their claims costs by utilizing an in-house staff of claim supervisors to investigate, verify, negotiate and settle claims. Upon notification of an occurrence purportedly giving rise to a claim, the claims department conducts a preliminary investigation, determines whether an insurable event has occurred and, if so, records the claim. The companies frequently utilize independent adjusters and appraisers to service claims which require on-site inspections.

BANKERS FIDELITY

Insureds obtain claim forms by calling the claims department customer service group. To shorten claim processing time, a letter detailing all supporting documents that are required to complete a claim for a particular policy is sent to the customer along with the correct claim form. With respect to life policies, the claim is entered into Bankers Fidelity's claims system when the proper documentation is received. Properly documented claims are generally paid within three to nine business days of receipt.

RESERVES

The following table sets forth information concerning the Company's losses and claims and loss adjustment expenses ("LAE") reserves for the periods indicated:

	2000	1999
Balance at January 1	$ 126,556	$ 86,768
Less: Reinsurance recoverables	(38,759)	(22,625)
Net balance at January 1	87,797	64,143
Incurred related to:		
Current year	102,336	79,328
Prior years	(6,085)	(2,427)
Total incurred	96,251	76,901
Paid related to:		
Current year	54,313	44,623
Prior years	35,366	28,558
Total paid	89,679	73,181
Reserves acquired due to acquisition	--	19,934
Net balance at December 31	94,369	87,797
Plus: Reinsurance recoverables	38,851	38,759
Balance at December 31	$ 133,220	$ 126,556

CASUALTY OPERATIONS

Atlantic American Corporation's casualty operations maintain loss reserves representing estimates of amounts necessary for payment of losses and LAE. The casualty operations also maintain incurred but not reported reserves and bulk reserves for future development. These loss reserves are estimates, based on known facts and circumstances at a given point in time, of amounts the insurer expects to pay on incurred claims. All balances are reviewed annually by qualified independent actuaries. Reserves for LAE are intended to cover the ultimate costs of settling claims, including investigation and defense of lawsuits resulting from such claims. Loss reserves for reported claims are based on a case-by-case evaluation of the type of claim involved, the circumstances surrounding the claim, and the policy provisions relating to the type of loss. The LAE for claims reported and claims not reported is based on historical statistical data and anticipated future development. Inflation and other factors which may affect claim payments are implicitly reflected in the reserving process through analysis of cost trends and reviews of historical reserve results; however, it is difficult to measure the effect of any one of these considerations on reserve estimates.

The casualty operations establish reserves for claims based upon: (a) management's estimate of ultimate liability and claim adjusters' evaluations for unpaid claims reported prior to the close of the accounting period, (b) estimates of incurred but not reported claims based on past experience, and (c) estimates of LAE. The estimated liability is continually reviewed and updated, and changes to the estimated liability are recorded in the statement of operations in the year in which such changes become known.

The table on the following page sets forth the development of balance sheet reserves for unpaid losses and LAE for the casualty operations' insurance lines for 1990 through 2000, including periods prior to the Company's ownership of American Southern and Association Casualty. The top line of the table represents the estimated amount of losses and LAE for claims arising in all prior years that were unpaid at the balance sheet date for each of the indicated periods, including an estimate of losses that have been incurred but not yet reported. The amounts represent initial reserve estimates at the respective balance sheet dates for the current and all prior years. The next portion of the table shows the cumulative amounts paid with respect to claims in each succeeding year. The lower portion of the table shows the reestimated amounts of previously recorded reserves based on experience as of the end of each succeeding year.

The reserve estimates are modified as more information becomes known about the frequency and severity of claims for individual years. The "cumulative redundancy or deficiency" for each year represents the aggregate change in such year's estimates through the end of 2000. In evaluating this information, it should be noted that the amount of the redundancy or deficiency for any year represents the cumulative amount of the changes from initial reserve estimates for such year. Operations for any one year are only affected, favorably or unfavorably, by the amount of the change in the estimate for such year. Conditions and trends that have affected development of the reserves in the past may not necessarily occur in the future. Accordingly, it is inappropriate to predict future redundancies or deficiencies based on the data in this table.

	YEAR ENDED DECEMBER 31, (in thousands)						
	2000	1999	1998	1997	1996	1995	1994
Statutory reserve for losses and LAE	$ 88,247	$ 82,867	$ 78,320	$ 78,444	$ 74,115	$ 70,470	$ 65,970
Cumulative paid as of:							
One year later		30,278	26,454	24,247	25,445	29,538	18,133
Two years later			40,491	35,534	34,409	39,084	34,485
Three years later				42,513	39,579	43,597	39,091
Four years later					43,171	46,334	40,885
Five years later						48,555	42,551
Six years later							44,244
Seven years later							
Eight years later							
Nine years later							
Ten years later							
Ultimate losses and LAE Reestimated as of:							
End of Year	88,247	82,867	78,320	78,444	74,115	70,470	65,970
One year later		77,347	74,985	68,338	67,772	70,778	56,945
Two years later			71,453	65,374	60,257	65,716	59,266
Three years later				63,674	58,693	61,121	57,047
Four years later					58,442	61,085	53,995
Five years later						61,030	54,732
Six years later							55,339
Seven years later							
Eight years later							
Nine years later							
Ten years later							
Cumulative redundancy(deficiency)		$ 5,520	$ 6,867	$ 14,770	$ 15,673	$ 9,440	$10,631
		6.7%	8.8%	18.8%	21.1%	13.4%	16.1%

	YEAR ENDED DECEMBER 31, (in thousands)			
	1993	1992	1991	1990
Statutory reserve for losses and LAE	$ 64,211	$ 59,720	$ 59,354	$ 61,279
Cumulative paid as of:				
One year later	24,247	22,478	24,964	26,624
Two years later	30,754	34,055	36,123	40,339
Three years later	42,480	36,757	42,980	46,301
Four years later	45,530	46,676	44,153	50,767
Five years later	46,805	49,082	53,079	50,607
Six years later	48,012	50,206	55,146	58,347
Seven years later	49,419	51,244	56,069	60,032
Eight years later		52,483	57,014	60,552
Nine years later			58,136	61,390
Ten years later				62,419
Ultimate losses and LAE Reestimated as of:				
End of Year	64,211	59,720	59,354	61,279
One year later	61,054	58,371	61,705	61,335
Two years later	54,329	56,072	60,324	63,649
Three years later	60,145	50,916	59,397	63,258
Four years later	60,381	60,701	55,503	63,279
Five years later	58,217	61,685	65,761	60,233
Six years later	59,280	60,606	66,822	70,041
Seven years later	60,027	61,796	65,696	70,592
Eight years later		62,845	66,604	69,304
Nine years later			67,974	70,594
Ten years later				71,806
Cumulative redundancy(deficiency)	$ 4,184	$ (3,125)	$ (8,620)	$ (10,527)
	6.5%	-5.2%	-14.5%	-17.2%

BANKERS FIDELITY

Bankers Fidelity establishes future policy benefits reserves to meet future obligations under outstanding policies. These reserves are calculated to satisfy policy and contract obligations as they mature. The amount of reserves for insurance policies is calculated using assumptions for interest rates, mortality and morbidity rates, expenses, and withdrawals. Reserves are adjusted periodically based on published actuarial tables with some modification to reflect actual experience (see Note 3 of Notes to Consolidated Financial Statements for the year ended December 31, 2000).

REINSURANCE

The insurance subsidiaries purchase reinsurance from unaffiliated insurers and reinsurers to reduce their liability on individual risks and to protect against catastrophic losses. In a reinsurance transaction, an insurance company transfers, or "cedes," a portion or all of its exposure on insurance policies to a reinsurer. The reinsurer assumes the exposure in return for a portion of the premiums. The ceding of insurance does not legally discharge the insurer from primary liability for the full amount of policies written by it, and the ceding company incurs a loss if the reinsurer fails to meet its obligations under the reinsurance agreement.

CASUALTY OPERATIONS

AMERICAN SOUTHERN. The limits of risks retained by American Southern vary by type of policy and insured, and amounts in excess of such limits are reinsured. The largest net amount insured in any one risk is $100,000. Reinsurance is generally maintained as follows: for fire, inland marine, and commercial automobile physical damage, recovery of losses over $40,000 up to $90,000. Net retentions for third party losses are generally over $35,000 up to $100,000. Catastrophe coverage for all lines except third party liability is for 95% of $6.6 million over $400,000.

ASSOCIATION CASUALTY. Association Casualty retains not more than the first $250,000 in losses on its workers' compensation policies; losses in excess of this limit are reinsured.

GEORGIA CASUALTY. Georgia Casualty's basic treaties cover all claims in excess of $200,000 per person, per occurrence on casualty losses, and per risk on property losses, up to $10.0 million per casualty claim and $5.0 million per property claim. An excess catastrophe treaty provides coverage up to statutory limits for any one occurrence on workers' compensation. The property lines of coverage are protected with an excess of loss treaty which affords recovery for property losses in excess of $250,000 up to a maximum of $5.0 million. Facultative arrangements are in place for property and non-workers compensation casualty risks that require limits in excess of $5.0 million and $10.0 million, respectively. In 1999, Georgia Casualty entered into a stop-loss reinsurance program for all losses and allocated loss adjustment expenses in the 1999 accident year that, in the aggregate, fall between 55% and 75% of the net earned premiums, before the impact of the premium ceded under the treaty. Effective January 1, 2000, Georgia Casualty discontinued the stop-loss reinsurance agreement due to improved results.

BANKERS FIDELITY

Bankers Fidelity has entered into reinsurance contracts ceding the excess of their retention to several primary reinsurers. Maximum retention by Bankers Fidelity on any one individual in the case of life insurance policies is $50,000. At December 31, 2000, Bankers Fidelity's reinsured annualized premiums totaled $27.7 million of the $293.6 million of life insurance then in force, generally under yearly renewable term agreements. Certain reinsurance agreements that are no longer active for new business remain in force.

COMPETITION

CASUALTY OPERATIONS

AMERICAN SOUTHERN. The businesses in which American Southern engages are highly competitive. The principal areas of competition are pricing and service. Many competing property and casualty companies which have been in business longer than American Southern have available more diversified lines of insurance and have substantially greater financial resources. Management believes, however, that the policies it sells are competitive with those providing similar benefits offered by other insurers doing business in the states where American Southern operates.

ASSOCIATION CASUALTY. As a monoline writer of workers' compensation insurance, Association Casualty's biggest competition comes from carriers that can provide insureds with all of their commercial insurance needs. In addition, the State of Texas operates a state workers' compensation pool that competes directly with the carriers in the state. Association Casualty counters these competitive issues by offering high quality service. Additionally, Association Casualty began writing additional commercial coverages in 2000 in an effort to make itself more competitive.

GEORGIA CASUALTY. Georgia Casualty's insurance business is highly competitive. The competition can be placed in four categories: (1) companies with higher A.M. Best ratings, (2) alternative workers' compensation markets, (3) self-insured funds, and (4) insurance companies that actively solicit monoline workers' compensation accounts. Georgia Casualty's efforts are directed in the following three general categories where the company has the best opportunity to control exposures and claims: (1) manufacturing, (2) artisan contractors, and (3) service industries. Management believes that Georgia Casualty's keys to being competitive in these areas are maintaining strong underwriting standards, risk management programs, writing workers' compensation coverages as part of the total insurance package, maintaining and expanding its loyal network of agents and development of new agents in key territories. In addition, Georgia Casualty offers quality customer service to its agents and insureds, and provides rehabilitation, medical management, and claims management services to its insureds. Georgia Casualty believes that it will continue to be competitive in the marketplace based on its current strategies and services.

BANKERS FIDELITY

The life and health insurance business is highly competitive and includes a large number of insurance companies, many of which have substantially greater financial resources. Bankers Fidelity believes that the primary competitors are the Blue Cross/Blue Shield companies, AARP, the Prudential Insurance Company of America, Pioneer Life Insurance Company of Illinois, AFLAC, American Travellers, Kanawha Life, American Heritage, Bankers Life and Casualty Company, United American Insurance Corporation, and Standard Life of Oklahoma. Bankers Fidelity competes with other insurers on the basis of premium rates, policy benefits, and service to policyholders. Bankers Fidelity also competes with other insurers to attract and retain the allegiance of its independent agents through commission arrangements, accessibility and marketing assistance, lead programs, and market expertise. Bankers Fidelity believes that it competes effectively on the basis of policy benefits, services, and market expertise.

RATING

The following ratings are not designed for investors and do not constitute recommendations to buy, sell, or hold any security. Ratings are important in the insurance industry, and improved ratings should have a favorable impact on the ability of the companies to compete in the marketplace.

In 1999, for the first time, Atlantic American Corporation and its subsidiaries underwent a rating and review process by Standard & Poor's. As a result of the review, each of the Company's insurance subsidiaries was assigned a single "A-" counterparty credit and financial strength rating. This rating was affirmed in 2000 and now includes Association Casualty.

On November 1, 2000 these ratings were placed on CreditWatch with negative implications. On March 14, 2001, Standard & Poor's removed the Company from CreditWatch and lowered its counterparty credit rating and financial strength rating to "BBB+"/Neg and "BBB+", respectively from a single "A-".

Each year A.M. Best Company, Inc. publishes Best's Insurance Reports ("Best's"), which include assessments and ratings of all insurance companies. Best's ratings, which may be revised quarterly, fall into fifteen categories ranging from A++ (Superior) to F (in liquidation). Best's ratings are based on an analysis of the financial condition and operations of an insurance company compared to the industry in general.

AMERICAN SOUTHERN. American Southern and its wholly-owned subsidiary, American Safety Insurance Company, are each currently rated "A-" (Excellent) by A.M. Best.

ASSOCIATION CASUALTY. Association Casualty maintains a rating of "A-" (Excellent) by A.M. Best.

GEORGIA CASUALTY. Georgia Casualty maintains an A.M. Best's rating of "B++" (Very Good).

BANKERS FIDELITY. Bankers Fidelity maintains an A.M. Best's rating of "B++" (Very Good).

REGULATION

In common with all domestic insurance companies, the Company's insurance subsidiaries are subject to regulation and supervision in the jurisdictions in which they do business. Statutes typically delegate regulatory, supervisory, and administrative powers to state insurance commissions. The method of such regulation varies, but regulation relates generally to the licensing of insurers and their agents, the nature of and limitations on investments, approval of policy forms, reserve requirements, the standards of solvency which must be met and maintained, deposits of securities for the benefit of policyholders, and periodic examinations of insurers and trade practices, among other things. The Company's products generally are subject to rate regulation by state insurance commissions, which require that certain

minimum loss ratios be maintained. Certain states also have insurance holding company laws which require registration and periodic reporting by insurance companies controlled by other corporations licensed to transact business within their respective jurisdictions. The Company's insurance subsidiaries are subject to such legislation and are registered as controlled insurers in those jurisdictions in which such registration is required. Such laws vary from state to state but typically require periodic disclosure concerning the corporation which controls the registered insurers and all subsidiaries of such corporations, as well as prior notice to, or approval by, the state insurance commission of intercorporate transfers of assets (including payments of dividends in excess of specified amounts by the insurance subsidiaries) within the holding company system.

Most states require that rate schedules and other information be filed with the state's insurance regulatory authority, either directly or through a rating organization with which the insurer is affiliated. The regulatory authority may disapprove a rate filing if it determines that the rates are inadequate, excessive, or discriminatory. The Company has historically experienced no significant regulatory resistance to its applications for rate increases.

A state may require that acceptable securities be deposited for the protection either of policyholders located in those states or of all policyholders. As of December 31, 2000, $16.2 million of securities were on deposit either directly with various state authorities or with third parties pursuant to various custodial agreements on behalf of Bankers Fidelity and the Casualty Operations.

Virtually all of the states in which the Company's insurance subsidiaries are licensed to transact business require participation in their respective guaranty funds designed to cover claims against insolvent insurers. Insurers authorized to transact business in these jurisdictions are generally subject to assessments of up to 4% of annual direct premiums written in that jurisdiction to pay such claims, if any. The occurrence and amount of such assessments has increased in recent years. The likelihood and amount of any future assessments cannot be estimated until an insolvency has occurred. For the last five years, the amount incurred by the Company was not material.

NAIC RATIOS

The National Association of Insurance Commissioners (the "NAIC") was established to provide guidelines to assess the financial strength of insurance companies for state regulatory purposes. The NAIC conducts annual reviews of the financial data of insurance companies primarily through the application of 13 financial ratios prepared on a statutory basis. The annual statements are submitted to state insurance departments to assist them in monitoring insurance companies in their states and to set forth a desirable range in which companies should fall in each such ratio.

The NAIC suggests that insurance companies which fall outside of the "usual" range in four or more financial ratios are those most likely to require analysis by state regulators. However, according to the NAIC, it may not be unusual for a financially sound company to have several ratios outside the "usual" range, and in normal years the NAIC expects 15% of the companies it tests to be outside the "usual" range in four or more categories.

For the year ended December 31, 2000, American Southern was within the NAIC "usual" range for all 13 financial ratios. Association Casualty was outside the "usual" range on one ratio, the change in net writings, primarily due to the increase in premium volume. Bankers Fidelity was outside the "usual" range on two ratios, the net change in capital and surplus and the gross change in capital and surplus, both due to a decline in unrealized gains related to several of its equity investments. Georgia Casualty was outside the "usual" range on four ratios, the change in net writings, the two-year overall operating ratio, the change in surplus, and the estimated current reserve deficiency to surplus. The change in net writing variance resulted from the significant premium growth during 2000. The two-year overall operating ratio and the estimated current reserve deficiency to surplus were outside the "usual" range primarily due to adverse development on prior year losses. The change in surplus variance resulted from a decline in unrealized gains related to several of its equity investments.

RISK-BASED CAPITAL

Risk-based capital ("RBC") is used by rating agencies and regulators as an early warning tool to identify weakly capitalized companies for the purpose of initiating further regulatory action. The RBC calculation determines the amount of Adjusted Capital needed by a company to avoid regulatory action. "Authorized Control Level Risk-Based Capital" ("ACL") is calculated; if a company's adjusted capital is 200% or lower than ACL, it is subject to regulatory action. At December 31, 2000, all of the Company's insurance subsidiaries exceeded the RBC regulatory levels.

INVESTMENTS

Investment income represents a significant portion of the Company's total income. Insurance company investments are subject to state insurance laws and regulations which limit the concentration and types of investments. The following table provides information on the Company's investments as of the dates indicated.

	DECEMBER 31,					
	2000		1999		1998	
	AMOUNT	PERCENT	Amount	Percent	Amount	Percent
	(Dollars in thousands)					
Fixed maturities:						
Bonds:						
U.S. Government agencies and authorities	$ 117,564	50.9%	$ 106,816	48.3%	$ 86,535	43.9%
States, municipalities and political subdivisions	4,088	1.8	4,078	1.8	1,490	0.8
Public utilities	3,671	1.6	2,009	0.9	1,874	0.9
Convertibles and bonds with warrants attached	--	NIL	--	NIL	--	NIL
All other corporate bonds	32,721	14.2	21,015	9.5	9,442	4.8
Certificates of deposit	1,360	0.6	3,082	1.4	2,286	1.2
Total fixed maturities(1)	159,404	69.1	137,000	61.9	101,627	51.6
Common and preferred stocks(2)	43,945	19.0	48,684	22.0	61,007	30.9
Mortgage, policy and student loans(3)	6,636	2.9	7,394	3.3	8,119	4.1
Other invested assets(4)	5,862	2.5	5,717	2.6	4,822	2.4
Real estate	46	NIL	46	NIL	46	NIL
Short-term investments(5)	15,013	6.5	22,471	10.2	21,782	11.0
Total investments	$ 230,906	100.0%	$ 221,312	100.0%	$ 197,403	100.0%

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(1) Fixed maturities are carried on the balance sheet at market value. Total cost of fixed maturities was $160.6 million as of December 31, 2000, $143.2 million as of December 31, 1999, and $100.6 million as of December 31, 1998.

(2) Equity securities are valued at market. Total cost of equity securities was $32.1 million as of December 31, 2000, $31.2 million as of December 31, 1999, and $33.1 million as of December 31, 1998.

(3) Mortgage loans and policy and student loans are valued at historical cost.

(4) Investments in other invested assets which are traded are valued at estimated market value; those in which the Company has significant influence are accounted for using the equity method. all others are carried at historical cost. Total cost of other invested assets was $6.0 million as of December 31, 2000, $4.9 million as of December 31, 1999 and $5.0 million as of December 31, 1998.

(5) Short-term investments are valued at cost, which approximates market value.

Results of the investment portfolio for periods shown were as follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(Dollars in thousands)		
Average investments(1)	$ 222,369	$ 205,387	$ 199,132
Net investment income	$ 15,320	$ 12,434	$ 11,167
Average yield on investments	6.89%	6.05%	5.61%
Realized investment gains, net	$ 1,922	$ 2,831	$ 2,909

(1) Calculated as the average of the balances at the beginning of the year and at the end of each of the four quarters.

Management's investment strategy is an increased investment in short and medium maturity bonds and common and convertible preferred stocks.

EMPLOYEES

The Company and its subsidiaries at December 31, 2000 employed 249 people.

FINANCIAL INFORMATION BY INDUSTRY SEGMENT

Financial information concerning the Company and its consolidated subsidiaries by industry segment for the three years ended December 31, 2000, is set forth in Note 14 of the Company's consolidated financial statements, included in the 2000 Annual Report to Shareholders, and such information by industry segment is incorporated herein by reference.

EXECUTIVE OFFICERS OF THE REGISTRANT

The table below and the information following the table set forth, for each executive officer of the Company as of March 1, 2001, his name, age, positions with the Company, principal occupation, and business experience for the past five years and prior service with the Company (based upon information supplied by each of them).

NAME	AGE	POSITION WITH THE COMPANY	DIRECTOR OR OFFICER SINCE
J. Mack Robinson	77	Chairman of the Board	1974
Hilton H. Howell, Jr.	38	Director, President & CEO	1992
Robert A. Renaud	40	Vice President & CFO	2001

Officers are elected annually and serve at the discretion of the Board of Directors.

MR. ROBINSON has served as Director and Chairman of the Board since 1974 and served as President and Chief Executive Officer of the Company from September 1988 to May 1995. In addition, Mr. Robinson is a Director of Bull Run Corporation and Gray Communications Systems, Inc.

MR. HOWELL has been President and Chief Executive Officer of the Company since May 1995, and prior thereto served as Executive Vice President of the Company from October 1992 to May 1995. He has been a Director of the Company since October 1992. Mr. Howell is the son-in-law of Mr. Robinson. He is also a Director of Bull Run Corporation and Gray Communications Systems, Inc.

MR. RENAUD has served as Vice President and Chief Financial Officer of the Company since January 2001, and prior thereto he was Vice President, Secretary and Treasurer from October 1997 to January 2001 for its life and health insurance subsidiary, Bankers Fidelity and currently serves as Vice President, Secretary and Treasurer for Georgia Casualty & Surety Company, one of Atlantic American's property and casualty subsidiaries. Mr. Renaud also serves as a Director on the Board of Bankers Fidelity and Georgia Casualty. Prior to joining the Company in October 1997, he was Vice President of A.I.M. Insurance Group.

FORWARD-LOOKING STATEMENTS

Certain of the statements and subject matters contained herein that are not based upon historical or current facts deal with or may be impacted by potential future circumstances and developments, and should be considered forward-looking and subject to various risks and uncertainties. Such forward-looking statements are made based upon management's belief, as well as assumptions made by and information currently available to management pursuant to "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements, and the discussion of such subject areas, involve, and therefore are qualified by, the inherent risks and uncertainties surrounding future expectations generally, and may materially differ from the Company's actual future experience involving any one or more of such subject areas. The Company has attempted to identify, in context, certain of the factors that it currently believes may cause actual future experience and results to differ from current expectations. The Company's operations and results also may be subject to the effect of other risks and uncertainties in addition to the relevant qualifying factors identified elsewhere herein, including, but not limited to, locality and seasonality in the industries to which the Company offers its products, the impact of competitive products and pricing, unanticipated increases in the rate and number of claims outstanding, volatility in the capital markets that may have an impact on the Company's investment portfolio, the uncertainty of general economic conditions, and other risks and uncertainties identified from time to time in the Company's periodic reports filed with the Securities and Exchange Commission. Many of such factors are beyond the Company's ability to control or predict. As a result, the Company's actual financial condition, results of operations and stock price could differ materially from those expressed in any forward-looking statements made by the Company. Undue reliance should not be placed upon forward-looking statements contained herein. The Company does not intend to publicly update any forward-looking statements that may be made from time to time by, or on behalf of, the Company.

ITEM 2. PROPERTIES

OWNED PROPERTIES. The Company owns two parcels of unimproved property consisting of approximately seven acres located in Fulton and Washington Counties, Georgia. At December 31, 2000, the aggregate book value of such properties was approximately $46,000.

LEASED PROPERTIES. The Company (with the exception of American Southern, Association Casualty, and SIA, Inc.) leases space for its principal offices in an office building located in Atlanta, Georgia, from Delta Life Insurance Company, under leases which expire at various times from May 31, 2002 to July 31, 2005. Under the current terms of the leases, the Company occupies approximately 65,489 square feet of office space. Delta Life Insurance Company, the owner of the building, is controlled by J. Mack Robinson, Chairman of the Board of Directors and largest shareholder of the Company. The terms of the leases are believed by Company management to be comparable to terms which could be obtained by the Company from unrelated parties for comparable rental property.

American Southern leases space for its offices in a building located in Atlanta, Georgia. The lease term expires January 31, 2010. Under the terms of the lease, American Southern occupies approximately 17,014 square feet.

Association Casualty leases space for its principal offices in a building located in Austin, Texas. The lease term expires December 31, 2005. Under the terms of the lease, Association Casualty occupies 15,777 square feet.

SIA, Inc. leases space for its principal offices in a building located in Stone Mountain, Georgia. The lease term expires December 31, 2003. Under the terms of the lease, SIA, Inc. occupies 1,787 square feet.

ITEM 3. LEGAL PROCEEDINGS

LITIGATION

During 2000, American Southern renewed one of its larger accounts. Although this contract was renewed through a competitive bidding process, one of the parties bidding for this particular contract contested the award of this business to American Southern and filed a claim to obtain the nullification of the contract. During the fourth quarter of 2000, American Southern received an unfavorable judgment relating to this litigation and has appealed the ruling. The contract is to remain in effect pending appeal. While management believes that the effect of an adverse outcome on this case would not materially affect the current financial position of the Company, it may have a material impact on the future results of operations of the Company. From time to time, the Company and its subsidiaries are involved in various claims and lawsuits incidental to and in the ordinary course of their businesses. In the opinion of management, such claims will not have a material effect on the business or financial condition of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of the Company's shareholders during the quarter ended December 31, 2000.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Company's common stock is quoted on the Nasdaq National Market (Symbol: AAME). As of March 19, 2001, there were 4,980 shareholders of record. The following table sets forth for the periods indicated the high and low sale prices of the Company's common stock as reported on the Nasdaq National Market.

YEAR ENDING DECEMBER 31	HIGH	LOW
2000		
1ST QUARTER	$ 2 15/16	$ 2 1/4
2ND QUARTER	3 3/8	2 1/2
3RD QUARTER	2 3/4	1 3/4
4TH QUARTER	2 1/2	1 3/4
1999		
1st quarter	$ 4 5/8	$ 3 15/16
2nd quarter	4 11/16	3 7/8
3rd quarter	4 1/8	2 3/8
4th quarter	2 15/16	2 1/4

The Company has not paid dividends to its common shareholders since the fourth quarter of 1988. Payment of dividends in the future will be at the discretion of the Company's Board of Directors and will depend upon the financial condition, capital requirements, and earnings of the Company as well as other factors as the Board of Directors may deem relevant. The Company's primary sources of cash for the payment of dividends are dividends from its subsidiaries. Under the insurance code of the state of jurisdiction under which each insurance subsidiary operates, cumulative dividend payments to the Parent by its insurance subsidiaries are limited to the greater of 10% of accumulated statutory earnings or statutory net income before recognizing realized investment gains of the insurance subsidiaries without the prior approval of the Insurance Commissioner. The Company's principal insurance subsidiaries had the following accumulated statutory earnings as of December 31, 2000: Georgia Casualty - $12.7 million, American Southern - $30.1 million, Association Casualty - $15.4 million, Bankers Fidelity Life - $23.7 million. The Company has elected to retain its earnings to grow its business and does not anticipate paying cash dividends on its common stock in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data of Atlantic American Corporation and subsidiaries for the six year period December 31, 2000 is set forth on page 1 of the 2000 Annual Report to Shareholders and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations of Atlantic American Corporation and subsidiaries are set forth on pages 38 to 49 of the 2000 Annual Report to Shareholders and are incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the caption "Interest Rate and Market Risk" in the information incorporated by reference in Item 7 above, is incorporated by reference herein.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the Company and related notes are set forth on pages 9 to 37 of the 2000 Annual Report to Shareholders and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

With the exception of information relating to the Executive Officers of the Company, which is provided in Part I hereof, all information required by Part III (Items 10, 11, 12, and 13) is incorporated by reference to the sections entitled "Election of Directors", "Security Ownership of Management", "Section 16(a) Beneficial Ownership Compliance", "Executive Compensation", and "Certain Relationships and Related Transactions" contained in the Company's definitive proxy statement to be delivered in connection with the Company's Annual Meeting of Shareholders to be held May 15, 2001.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) List of documents filed as part of this report:

FINANCIAL STATEMENTS

	Page Reference
Consolidated Balance Sheets as of December 31, 2000 and December 31, 1999	9*
Consolidated Statements of Operations for the Three Years ended December 31, 2000	10*
Consolidated Statements of Shareholders' Equity for the Three Years ended December 31, 2000	11*
Consolidated Statements of Cash Flows for the Three Years ended December 31, 2000	12*
Notes to Consolidated Financial Statements	13-37*
Report of Independent Public Accountants	50*

* The page references so designated refer to page numbers in the 2000 Annual Report to Shareholders of Atlantic American Corporation, which pages are incorporated herein by reference. With the exception of the information specifically incorporated within this Form 10-K, the 2000 Annual Report to Shareholders of Atlantic American Corporation is not deemed to be filed under the Securities Exchange Act of 1934.

FINANCIAL STATEMENT SCHEDULES

- I - Report of Independent Public Accountants
- II - Condensed financial information of Registrant for the three years ended December 31, 2000
- III - Supplementary Insurance Information for the three years ended December 31, 2000
- IV - Reinsurance for the three years ended December 31, 2000
- VI - Supplemental Information concerning property-casualty insurance operations for the three years ended December 31, 2000

Schedules other than those listed above are omitted as they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto. Columns omitted from schedules filed have been omitted because the information is not applicable.

EXHIBITS

3.1 - Restated and Amended Articles of Incorporation of the registrant [incorporated by reference to Exhibit 3.1 to the registrant's Form 10-Q for the fiscal quarter ended March 31, 1996].

3.2 - Bylaws of the registrant [incorporated by reference to Exhibit 3.2 to the registrant's Form 10-K for the year ended December 31, 1993].

10.01 - Lease Contract between registrant and Delta Life Insurance Company dated June 1, 1992 [incorporated by reference to Exhibit 10.11 to the registrant's Form 10-K for the year ended December 31, 1992].

10.02 - First Amendment to Lease Contract between registrant and Delta Life Insurance Company dated June 1, 1993 [incorporated by reference to Exhibit 10.11.1 to the registrant's Form 10Q for the quarter ended June 30, 1993].

10.03	-	Second Amendment to Lease Contract between registrant and Delta Life Insurance Company dated August 1, 1994 [incorporated by reference to Exhibit 10.11.2 to the registrant's Form 10Q for the quarter ended September 30, 1994].
10.04	-	Lease Agreement between Georgia Casualty & Surety Company and Delta Life Insurance Company dated September 1, 1991 [incorporated by reference to Exhibit 10.12 to the registrant's Form 10-K for the year ended December 31, 1992].
10.05	-	First Amendment to Lease Agreement between Georgia Casualty & Surety Company and Delta Life Insurance Company dated June 1,1992 [incorporated by reference to Exhibit 10.12.1 to the registrant's Form 10-K for the year ended December 31, 1992].
10.06	-	Management Agreement between registrant and Georgia Casualty & Surety Company dated April 1, 1983 [incorporated by reference to Exhibit 10.16 to the registrant's Form 10-K for the year ended December 31, 1986].
10.07*	-	Minutes of Meeting of Board of Directors of registrant held February 25, 1992 adopting registrant's 1992 Incentive Plan together with a copy of that plan, as adopted [incorporated by reference to Exhibit 10.21 to the registrant's Form 10-K for the year ended December 31, 1991].
10.08	-	Loan and Security Agreement dated August 26, 1991, between registrant's three insurance subsidiaries and Leath Furniture, Inc. [incorporated by reference to Exhibit 10.38 to the registrant's Form 10-K for the year ended December 31, 1992].
10.09	-	First amendment to the amended and reissued mortgage note dated January 1, 1992, [incorporated by reference to Exhibit 10.38.1 to the registrant's Form 10-K for the year ended December 31, 1992].
10.10	-	Intercreditor Agreement dated August 26, 1991, between Leath Furniture, Inc., the registrant and the registrant's three insurance subsidiaries [incorporated by reference to Exhibit 10.39 to the registrant's Form 10-K for the year ended December 31, 1992].
10.11	-	Management Agreement between Registrant and Atlantic American Life Insurance Company and Bankers Fidelity Life Insurance Company dated July 1, 1993 [incorporated by reference to Exhibit 10.41 to the registrant's Form 10-Q for the quarter ended September 30, 1993].
10.12	-	Tax allocation agreement dated January 28, 1994, between registrant and registrant's subsidiaries [incorporated by reference to Exhibit 10.44 to the registrant's Form 10-K for the year ended December 31, 1993].
10.13	-	Acquisition Agreement by and among Atlantic American Corporation, Association Casualty Insurance Company, Association Risk Management General Agency, Inc. and Harold K. Fischer, dated as of April 21, 1999 [incorporated by reference to Exhibit 2.1 to the registrant's Form 8-K dated July 16, 1999].
10.14	-	Indenture of Trust, dated as of June 24, 1999, by and between Atlantic American Corporation and The Bank of New York, as Trustee [incorporated by reference to Exhibit 10.1 to the registrant's Form 8-K dated July 16, 1999].
10.15	-	Reimbursement and Security Agreement, dated as of June 24, 1999, between Atlantic American Corporation and Wachovia Bank of Georgia, N.A. [incorporated by reference to Exhibit 10.3 to the registrant's Form 8-K dated July 16, 1999].
10.16	-	Revolving Credit Facility, dated as of July 1, 1999 between Atlantic American Corporation and Wachovia Bank of Georgia, N.A. [incorporated by reference to Exhibit 10.3 to the registrant's Form 8-K dated July 16, 1999].
10.17	-	First Amendment, dated as of March 24, 2000, to Credit Agreement, dated as of July 1, 1999, between Atlantic American Corporation and Wachovia Bank of Georgia, N.A. [incorporated by reference to Exhibit 10.1 to the registrant's Form 10-Q for the quarter ended June 30, 2000].
10.18	-	Second Amendment, dated February 9, 2001, to Credit Agreement, dated as of July 1, 1999, between Atlantic American Corporation and Wachovia Bank of Georgia, N.A.
13.1	-	Those portions of the registrant's Annual Report to Shareholders for year ended December 31, 1997, that are specifically incorporated by reference herein.
21.1	-	Subsidiaries of the registrant.

23.1	-	Consent of Arthur Andersen LLP, Independent Public Accountants.

28.1	-	Form of General Agent's Contract of Atlantic American Life Insurance Company [incorporated by reference to Exhibit 28 to the registrant's Form 10-K for the year ended December 31, 1990].
28.2	-	Form of Agent's Contract of Bankers Fidelity Life Insurance Company [incorporated by reference to Exhibit 28 to the registrant's Form 10-K for the year ended December 31, 1990].
28.3	-	Form of Agency Contract of Georgia Casualty & Surety Company [incorporated by reference to Exhibit 28 to the registrant's Form 10-K for the year ended December 31, 1990].
(b)		Reports on Form 8-K. None.

*Management contract, compensatory plan or arrangement required to be filed pursuant to, Part IV, Item 14(C) of Form 10-K and Item 601 of Regulation S-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

(Registrant) ATLANTIC AMERICAN CORPORATION

By: /s/ Robert A. Renaud
Vice President and Chief Financial Officer

Date: March 30, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ J. MACK ROBINSON	Chairman of the Board	March 30, 2001
/s/ HILTON H. HOWELL, JR.	President, Chief Executive Officer and Director (Principal Executive Officer)	March 20, 2001
/s/ ROBERT A. RENAUD	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer	March 20, 2001
/s/ EDWARD E. ELSON	Director	March 30, 2001
/s/ SAMUEL E. HUDGINS	Director	March 30, 2001
/s/ D. RAYMOND RIDDLE	Director	March 30, 2001
/s/ HARRIETT J. ROBINSON	Director	March 30, 2001
/s/ SCOTT G. THOMPSON	Director	March 30, 2001
/s/ MARK C. WEST	Director	March 30, 2001
/s/ WILLIAM H. WHALEY, M.D.	Director	March 30, 2001
/s/ DOM H. WYANT	Director	March 30, 2001
/s/ HAROLD K. FISCHER	Director	March 30, 2001

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Atlantic American Corporation:

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated financial statements included in Atlantic American Corporation's 2000 Annual Report to Shareholders, incorporated by reference in this Form 10-K, and have issued our report thereon dated March 27, 2001. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedules listed in Item 14 (a) are the responsibility of the Company's management, are presented for the purpose of complying with the Securities and Exchange Commission's rules, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
March 27, 2001

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

ATLANTIC AMERICAN CORPORATION
(Parent Company Only)

BALANCE SHEETS
(in thousands)

ASSETS

	DECEMBER 31,	
	2000	1999
Current assets:		
Cash and short-term investments	$ --	$ 1,030
Investment in insurance subsidiaries	131,080	130,926
Deferred income taxes, net	2,318	2,778
Income taxes receivable from subsidiaries	1,209	--
Other assets	2,983	1,543
	$137,590	$136,277

LIABILITIES AND SHAREHOLDERS' EQUITY

	2000	1999
Current liabilities:		
Other payables	$ 7,850	$ 6,326
Total current liabilities	7,850	6,326
Income taxes payable to subsidiaries	--	3
Long-term debt	46,500	51,000
Shareholders' equity	83,240	78,948
	$137,590	$136,277

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

Schedule II
Page 2 of 3

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

ATLANTIC AMERICAN CORPORATION
(Parent Company Only)

STATEMENTS OF OPERATIONS
(in thousands)

	Year Ended December 31,		
	2000	1999	1998
REVENUE			
Fees, rentals and interest income from subsidiaries	$ 5,148	$ 4,980	$ 4,230
Distributed earnings from subsidiaries	6,382	5,706	7,054
Other	1,094	651	1,155
Total revenue	12,624	11,337	12,439
GENERAL AND ADMINISTRATIVE EXPENSES	6,991	8,441	6,407
INTEREST EXPENSE	4,408	2,819	2,146
	1,225	77	3,886
INCOME TAX BENEFIT (1)	1,032	8,963	1,703
	2,257	9,040	5,589
EQUITY IN UNDISTRIBUTED EARNINGS OF CONSOLIDATED SUBSIDIARIES, NET	1,375	1,870	2,969
Net income	$ 3,632	$10,910	$ 8,558

(1) Under the terms of its tax-sharing agreement with its subsidiaries, income tax provisions for the individual companies are computed on a separate company basis. Accordingly, the Company's income tax benefit results from the utilization of the parent company separate return loss to reduce the consolidated taxable income of the Company and its subsidiaries.

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

Schedule II
Page 3 of 3

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

ATLANTIC AMERICAN CORPORATION
(Parent Company Only)

STATEMENTS OF CASH FLOWS
(in thousands)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 3,632	$ 10,910	$ 8,558
Adjustments to reconcile net income to net cash provided by operating activities:			
Realized investment gains	(270)	(239)	(1,151)
Depreciation and amortization	620	599	670
Compensation expense related to stock grants	51	--	--
Equity in undistributed earnings of consolidated subsidiaries	(1,375)	(1,870)	(2,969)
Change in intercompany taxes	(1,212)	(60)	201
Deferred income tax benefit	1,007	(6,997)	--
Increase (decrease) in other liabilities	318	798	(11)
Other, net	(734)	186	186
Net cash provided by operating activities	2,037	3,327	5,484
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investments purchased	(47)	--	--
Acquisition of Association Casualty	(94)	(24,475)	--
Capital contribution to Georgia Casualty	--	(2,000)	--
Additions to property and equipment	(507)	(446)	(305)
Net cash used in investing activities	(648)	(26,921)	(305)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of bank financing	--	51,000	--
Preferred stock dividends to affiliated shareholders	--	--	(315)
Purchase of treasury shares	(79)	(779)	(1,447)
Repayments of short-term debt	--	(2,400)	--
Retirements and payments of long-term debt	(4,500)	(23,600)	(2,600)
Issuance of preferred stocks	1,750	--	--
Redemption of preferred stock	--	--	(1,000)
Proceeds from exercise of stock options	410	273	90
Net cash (used in) provided by financing activities	(2,419)	24,494	(5,272)
Net (decrease) increase in cash	(1,030)	900	(93)
Cash at beginning of year	1,030	130	223
Cash at end of year	$ --	$ 1,030	$ 130
Supplemental disclosure:			
Cash paid for interest	$ 4,170	$ 2,510	$ 2,143
Cash paid for income taxes	$ 166	$ 131	$ 330
Issuance of stock to acquire SIA, Inc.	$ --	$ --	$ 66
Issuance of stock to acquire Association Casualty	$ --	$ 8,483	$ --

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

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INSURANCE INFORMATION
(in thousands)

Segment	Deferred Acquisition Costs	Future Policy Benefits, Losses, Claims and Loss Reserves	Unearned Premiums	Other Policy Claims and Benefits Payable
DECEMBER 31, 2000:				
BANKERS FIDELITY	$ 17,333	$ 49,078	$ 3,221	$2,370
AMERICAN SOUTHERN	1,805	48,340	18,063	2,047
ASSOCIATION CASUALTY	1,929	31,175	11,854	-0-
GEORGIA CASUALTY	2,331	46,733	12,283	-0-
	$ 23,398	$175,326(1)	$45,421	$4,417
December 31, 1999:				
Bankers Fidelity	$ 15,644	$ 46,427	$ 3,046	$2,120
American Southern	1,401	48,751	12,235	1,795
Association Casualty	1,478	30,000	9,241	288
Georgia Casualty	1,875	41,471	9,771	-0-
	$ 20,398	$166,649(2)	$34,293	$4,203
December 31, 1998:				
Bankers Fidelity	$ 13,972	$ 44,510	$ 3,156	$2,065
American Southern	1,378	46,952	11,830	1,629
Georgia Casualty	1,531	34,218	8,267	32
	$ 16,881	$125,680(3)	$23,253	$3,726

(1) Includes future policy benefits of $42,106 and losses and claims of $133,220.
(2) Includes future policy benefits of $40,093 and losses and claims of $126,556.
(3) Includes future policy benefits of $38,912 and losses and claims of $86,768.

Schedule III
Page 2 of 2

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INSURANCE INFORMATION
(in thousands)

Segment	Premium Revenue	Net Investment Income	Benefits, Claims, Losses and Settlement Expenses	Amortization of Deferred Acquisition Costs	Other Operating Expenses	Casualty Premiums Written
DECEMBER 31, 2000:						
BANKERS FIDELITY	$ 47,639	$ 4,886	$33,452	$ 1,854	$13,910	$ --
AMERICAN SOUTHERN	37,172	5,205	26,185	4,838	5,334	43,040
ASSOCIATION CASUALTY	20,110	2,510	15,799	3,650	3,585	22,653
GEORGIA CASUALTY	28,576	2,710	22,192	5,462	5,478	31,106
OTHER	--	9	--	--	5,763	--
	$133,497	$15,320	$97,628	$15,804	$34,070	$96,799
December 31, 1999:						
Bankers Fidelity	$ 41,527	$ 4,676	$28,313	$ 1,766	$13,450	$ --
American Southern	38,166	4,614	26,934	5,068	4,588	38,530
Association Casualty	8,498	1,045	6,380	1,431	1,732	8,524
Georgia Casualty	19,403	2,095	16,535	3,682	4,268	20,870
Other	--	4	--	--	6,252	--
	$107,594	$12,434	$78,162	$11,947	$30,290	$67,924
December 31, 1998:						
Bankers Fidelity	$ 34,477	$ 4,540	$21,494	$ 2,110	$12,895	$ --
American Southern	35,002	4,571	23,135	4,748	5,183	33,869
Georgia Casualty	21,813	2,048	16,216	3,737	3,522	21,265
Other	--	8	--	--	4,323	--
	$ 91,292	$11,167	$60,845	$10,595	$25,923	$55,134

Schedule IV

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
REINSURANCE
(in thousands)

	Direct Amount	Ceded To Other Companies	Assumed From Other Companies	Net Amounts	Percentage of Amount Assumed To Net
YEAR ENDED DECEMBER 31, 2000:					
LIFE INSURANCE IN FORCE	$293,632	$(27,661)	$ --	$265,971	
PREMIUMS	--				
BANKERS FIDELITY	$ 46,792	$ (73)	$ 920	$ 47,639	1.9%
AMERICAN SOUTHERN	21,167	(4,453)	20,458	37,172	55.0%
ASSOCIATION CASUALTY	22,074	(1,964)	--	20,110	--
GEORGIA CASUALTY	29,373	(3,944)	3,147	28,576	11.0%
TOTAL PREMIUMS	$119,406	$(10,434)	$24,525	$133,497	18.4%
Year ended December 31, 1999:					
Life insurance in force	$281,565	$(26,790)	$ --	$254,775	
Premiums --					
Bankers Fidelity	$ 41,407	$ (934)	$ 1,054	$ 41,527	2.5%
American Southern	17,158	(5,384)	26,392	38,166	69.2%
Association Casualty	9,273	(775)	--	8,498	--
Georgia Casualty	23,831	(5,966)	1,538	19,403	7.9%
Total premiums	$ 91,669	$(13,059)	$28,984	$107,594	26.9%

Year ended December 31, 1998:					
Life insurance in force	$275,557	$(16,941)	$ --	$258,616	
Premiums --					
Bankers Fidelity	$ 34,929	$ (2,236)	$ 1,784	$ 34,477	5.2%
American Southern	19,306	(5,215)	20,911	35,002	59.7%
Georgia Casualty	24,625	(3,206)	394	21,813	1.8%
Total premiums	$ 78,860	$(10,657)	$23,089	$ 91,292	25.3%

Schedule VI

ATLANTIC AMERICAN CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION CONCERNING

PROPERTY-CASUALTY INSURANCE OPERATIONS
(in thousands)

Year Ended	Deferred Policy Acquisition	Reserves	Unearned Premium	Earned Premium	Net Investment Income	Claims and Claim Adjustment Expenses Incurred Related To	
						Current Year	Prior Years
December 31, 2000	$ 6,065	$126,248	$42,200	$85,858	$10,425	$69,839	$(5,604)
December 31, 1999	$ 4,754	$120,222	$31,247	$66,067	$7,754	$52,119	$(1,941)
December 31, 1998	$ 2,909	$81,170	$20,097	$56,815	$6,619	$47,579	$(7,168)

Year Ended	Amortization of Deferred Acquisition Costs	Paid Claims and Claim Adjustment Expenses	Premiums Written
December 31, 2000	$13,950	$58,301	$96,798
December 31, 1999	$10,181	$47,194	$67,924
December 31, 1998	$ 8,485	$39,699	$55,135

Exhibit 10.18

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made the 9th day of February, 2001, 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 (as amended on March 24, 2000, 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. The definition of "Effective Date" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety and the definitions of "Bonds", "Dividend Ability", "Holding Company Expense", "Intercompany Billing", "Interest Coverage", "Interest Payment on Surplus Notes", "Material Investment Asset", "Quarterly Payment Date", "Tax Sharing Agreement" and "Tax Sharing Payments" are hereby added to Section 1.01 of the Credit Agreement to read in their entirety as follows:

> "Bonds" shall have the meaning given to it in the Reimbursement and Security Agreement between the Borrower and the Bank dated as of June 1, 1999, as amended from time to time.
>
> "Dividend Ability" means, at any time and for any Insurance Subsidiary, the greater of (i) 10% of Statutory Surplus or (ii) (a) if such Insurance Subsidiary is a life insurer, the "Net Gain from Operations" of such Insurance Subsidiary as set forth on the most recent Annual Statement or Quarterly Statement of such Insurance Subsidiary, prepared in accordance with statutory accounting principles or (b) if such Insurance Subsidiary is not a life insurer, the "Net Income" of such Insurance Subsidiary as set forth on the most recent Annual Statement or Quarterly Statement of such Insurance Subsidiary, prepared in accordance with statutory accounting principles; provided, however, that (i) realized capital gains shall not be included in such calculations; and (ii) any extraordinary dividend approved by the appropriate regulatory authorities shall be included in such calculation.
>
> "Effective Date" means December 30, 2000.
>
> "Holding Company Expense" means, as applied to the Borrower for any period, the aggregate amount of intercompany expenses incurred by the Borrower and/or payments made by the Borrower on behalf of the Borrower's Subsidiaries in connection with services provided by the Borrower to its Subsidiaries.
>
> "Intercompany Billing" means amounts received by the Borrower from Subsidiaries and/or payments made by the Borrower on behalf of the Borrower's Subsidiaries as payment for services provided by the Borrower to such Subsidiaries.
>
> "Interest Coverage" for any period means (a) the sum of Dividend Ability, Interest Payment on Surplus Notes, Intercompany Billing and Tax Sharing Payments minus (b) Holding Company Expense, all determined with respect to the Borrower and its Consolidated Subsidiaries on a consolidated basis for such period. In determining Interest Coverage for any period, (i) any Consolidated Subsidiary acquired during such period by the Borrower or any other Consolidated Subsidiary shall be included on a pro forma, historical basis as if it had been a Consolidated Subsidiary during such entire period and (ii) any amounts which would be included in a determination of Interest Coverage for such period with respect to assets acquired during such period by the Borrower or any Consolidated Subsidiary shall be included in the determination of

Interest Coverage for such period and the amount thereof shall be calculated on a pro forma, historical basis as if such assets had been acquired by the Borrower or such Consolidated Subsidiary prior to the first day of such period.

"Interest Payment on Surplus Notes" means those payments received as interest on the notes issued by Association Casualty Insurance Company to the Borrower in an aggregate principal amount of $11,375,000 pursuant to that letter agreement dated July 1, 1999.

"Material Investment Asset" means any asset consisting of shares of stock which the Bank determines in the Bank's sole and absolute discretion to be material to the Investments of the Borrower or any Insurance Subsidiary of the Borrower.

"Quarterly Payment Date" means the last day of March, June, September and December of each year, the first of which shall be March 31, 2003, or if any such day is not a Domestic Business Day, the next succeeding Domestic Business Day.

"Tax Sharing Agreement" means, that Tax Allocation Agreement among the Borrower and certain Subsidiaries of the Borrower, including, among others, the following: (i) American Southern Insurance Company, effective January 1, 1996; (ii) American Safety Insurance Company, effective January 1, 1996; (iii) Banker's Fidelity Life Insurance Company, effective January 28, 1994; (iv) Georgia Casualty and Surety Company, effective January 28, 1994; and (v) Association Casualty Insurance Company, effective July 1, 1999.

"Tax Sharing Payments" means those payments received by the Borrower from its Subsidiaries as a result of the Tax Sharing Agreement.

2.2. Amendment to Section 2.10. Section 2.10 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 2.10. Mandatory Prepayments and Reduction of Commitments.

(a) On each date on which the Commitment is reduced or terminated pursuant to Section 2.07 or Section 2.08, the Borrower shall repay or prepay such principal amount of the outstanding Loans, if any (together with interest accrued thereon and any amounts due under Section 7.05(a)), as may be necessary so that after such payment the aggregate unpaid principal amount of the Loans does not exceed the amount of the Commitment as then reduced.

(b) The Borrower shall make mandatory prepayments of the Bonds in an amount equal to (i) 75% of any Gain received by Bankers Fidelity Life Insurance Company from any sale or other disposition of a Material Investment Asset; and (ii) 50% of any Gain received by Georgia Casualty and Surety Company from any sale or other disposition of a Material Investment Asset. Such mandatory prepayments will (A) be due upon the consummation of any such sale or other disposition of a Material Investment Asset, (B) permanently reduce the Bonds by the amount of such prepayment, and (C) be accompanied by interest on the principal amount prepaid through the date of prepayment. As used in this Section 2.10(b), "Gain" means the amount by which the Gross Proceeds of any sale or other disposition of a Material Investment Asset exceed the Book Value of such Material Investment Asset.

(c) The Commitment shall be permanently reduced on each Quarterly Payment Date in an amount equal to $1,000,000. Each such reduction shall be accompanied by prepayment of the Loans to the extent that the Loans exceed the amount of the Commitment after giving effect thereto.

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 June 30, 2001, 50%, for the period from and including July 1, 2001 to and including December 31, 2001, 45% and (ii) for any period on or after January 1, 2002, 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) 4.35 to 1.0 for each Fiscal Quarter ending on or before June 30, 2001, (b) 4.25 to 1.0 for each Fiscal Quarter ending after June 30, 2001, and on or before December 31, 2001, (c) 4.00 to 1.0 for each Fiscal Quarter ending after December 31, 2001, and on or before March 30, 2002, (d) 3.75 to 1.0 for each Fiscal Quarter ending after March 30, 2002, and on or before June 30, 2002, (e) 3.50 to 1.0 for each Fiscal Quarter ending after June 30, 2002, and on or before December 31, 2002, 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 Interest Coverage to Consolidated Interest Expense. At the end of each Fiscal Quarter, the ratio of Interest Coverage 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 no less than 2.0 to 1.0.

2.6. Amendment to Section 5.25. Section 5.25 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.25. Maintenance of Authorized Control Level Risk-Based Capital. The Borrower shall maintain, or cause to be maintained, at all times the Authorized Control Level Risk-Based Capital for each Insurance Subsidiary in an amount equal to or greater than 250% of the Authorized Control Level Risk-Based Capital for such Insurance Subsidiary.

2.7. Amendment to Section 5.29. Section 5.29 of the Credit Agreement is hereby added to read as follows:

SECTION 5.29. Regulatory Approvals. Any approvals by government or regulatory agencies which are required under Section 2.10 shall be obtained and remain in effect until the Termination Date.

2.8. Amendment to Section 5.30. Section 5.30 of the Credit Agreement is hereby added to read as follows:

SECTION 5.30. Interest Rate Protection. On or before March 31, 2001, the Borrower shall enter into and maintain at all times thereafter, interest rate protection agreements with respect to at least 30% of the aggregate principal amount of the total Debt of the Borrower and its Subsidiaries that bears interest at a variable rate on terms and conditions (including rate and tenor) mutually acceptable to the Bank and the Borrower.

2.9. Amendment to Section 6.01(b). Section 6.01(b) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(b) the Borrower shall fail to observe or perform any covenant contained in Sections 5.02(ii), 5.03 to 5.14, inclusive, Section 5.17, Section 5.22 or Sections 5.25 to 5.30, inclusive; or

2.10. Amendment to Section 6.01(r). Section 6.01(r) of the Credit Agreement is hereby added to read as follows:

(r) within thirty (30) days of the sale or other disposition of a Material Investment Asset, the Borrower shall fail to execute and deliver to the Bank an amendment to this Agreement with respect to Sections 5.03, 5.05, 5.06 and 5.25 that is mutually acceptable to the Bank and the Borrower;

SECTION 3. No Other Amendment. Except for the amendments 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) Upon the effectiveness of this Amendment, 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.

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
/s/ Janie L. Ryan	By: /s/ Robert A. Renaud (SEAL)
Its: Corporate Secretary	Its: Vice President & CFO
[CORPORATE SEAL]	

WACHOVIA BANK, N.A.

By: /s/ William R. McCamey

Title: Vice President

CORPORATE PROFILE

EXHIBIT 13.1

Atlantic American Corporation is an insurance holding company whose subsidiary companies are involved in well-defined specialty markets of the life, health, property and casualty insurance industries.

SELECTED FINANCIAL DATA
(Dollars in thousands, except per share data)

	YEAR ENDED DECEMBER 31,					
	2000	1999	1998	1997	1996	1995
Insurance premiums	$133,497	$107,594	$ 91,292	$ 88,682	$ 86,025	$ 43,373
Investment income	15,552	12,724	11,499	11,256	11,151	6,566
Other income	1,287	1,172	366	201	306	--
Realized investment gains, net	1,922	2,831	2,909	1,076	1,589	1,731
Total revenue	152,258	124,321	106,066	101,215	99,071	51,670
Insurance benefits and losses incurred	97,628	78,162	60,845	61,018	54,281	24,689
Other expenses	49,874	42,237	36,518	32,026	36,975	23,897
Total benefits and expenses	147,502	120,399	97,363	93,044	91,256	48,586
Income from continuing operations before provision for income taxes	4,756	3,922	8,703	8,171	7,815	3,084
Income tax provision (benefit)	1,124	(6,988)	145	138	204	(34)
Income from continuing operations	3,632	10,910	8,558	8,033	7,611	3,118
Loss from discontinued operations, net	--	--	--	--	(4,447)	(10,094)
Net income (loss)	$ 3,632	$ 10,910	$ 8,558	$ 8,033	$ 3,164	$ (6,976)
Basic net income (loss) per common share:						
Income from continuing operations	$ .12	$ .48	$ .37	$ .35	$ .33	$ .15
Loss from discontinued operations	--	--	--	--	(.24)	(.54)
Net income (loss)	$ .12	$ .48	$ .37	$ .35	$ .09	$ (.39)
Diluted net income (loss) per common share:						
Income from continuing operations	$ .12	$ .46	$ .37	$ .35	$ .32	$ .15
Loss from discontinued operations	--	--	--	--	(.23)	(.54)
Net income (loss)	$ .12	$ .46	$ .37	$ .35	$ .09	$ (.39)
Book value per common share	$ 3.18	$ 3.12	$ 3.60	$ 3.27	$ 2.29	$ 1.61
Common shares outstanding	21,157	21,027	19,120	18,907	18,684	18,679
Total assets	$375,777	$351,144	$273,131	$271,860	$252,994	$245,494
Total long-term debt	$ 46,500	$ 51,000	$ 23,600	$ 27,600	$ 25,994	$ 31,569
Total debt	$ 46,500	$ 51,000	$ 26,000	$ 28,600	$ 35,611	$ 44,921
Total shareholders' equity before accumulated other comprehensive income	$ 76,420	$ 71,112	$ 53,431	$ 48,685	$ 41,423	$ 30,889
Total shareholders' equity after accumulated other comprehensive income	$ 83,240	$ 78,948	$ 82,217	$ 78,183	$ 59,136	$ 46,478
Operating return on beginning equity*	3.3%	15.1%	11.6%	16.8%	19.5%	5.7%

* Operating return on beginning equity is calculated by dividing total shareholders' equity before accumulated other comprehensive income into net income from continuing operations less realized gains.

PRESIDENT'S MESSAGE

To Our Shareholders:

Building solid, enduring relationships with our agents, policyholders and shareholders is the core of our culture at Atlantic American Corporation. It is the key to our success and one of our most distinguishing factors as a small, regional insurance company in an industry of giants that is becoming ever more impersonal and distant. As one of our most important relationships, it is always a pleasure for us to share with you a review of our achievements and accomplishments during the past year. Atlantic American ended 2000 with another year of solid performance, as the Company reported record growth in all our divisions and excellent profitability in two of our three basic business units. Although our overall profitability was not up to what we have earned in the past, and what we expect to earn in the future, we have reason to be pleased with our performance this year. In many ways, the year 2000 was a record year for Atlantic American. The Company reached $152.3 million in revenue, and premiums rose to $133.5 million, a 24% increase over 1999. The distribution of our premium by region, agency and product line has never been so diversified. Our consolidated pre-tax earnings advanced by 21% to $4.8 million from $3.9 million in 1999. Although our net income dropped from $10.9 million last year to $3.6 million this year, our results last year were positively impacted by an adjustment to the valuation allowance established against our deferred tax asset.

We hold a strong and abiding conviction that value is created through mutually beneficial business partnerships. Further, we believe that nurturing existing relationships while developing new alliances best serves our business and creates long-term shareholder value. We hope that you take the time to read the testimonials that follow, as they are more indicative of our future success than anything that we can say in this letter. We want to thank John Cay, III, president and chief executive officer of Palmer & Cay, Inc.; Robb R. Imbus, vice president of Palmer & Cay of South Carolina, Inc.; and Sandra Crosby, an executive of TBonz Restaurant Group, an insured of Palmer & Cay's, for participating in our Annual Report for Georgia Casualty. For Association Casualty, we would like to thank Doug Peacock, executive vice president of Insurors of Texas, and Brenda Vrazel, the business manager of the Independent School District of Clifton, Texas. Finally, we want to thank James Murray and Jim Stone, regional sales directors of Bankers Fidelity, Larry Weintraub, president, LHW, Inc. and Edwin J. Collins, president & chief executive officer, Lockheed Georgia Employees' Federal Credit Union, for participating on that company's behalf. Each of these individuals went out of their way to make themselves available and to discuss our Company and their business. We will be forever grateful for their help in telling the important side of our business and industry - the human relationships that underlie it all.

Our life and health insurance division, Bankers Fidelity Life Insurance Company, continues to enhance its position as an established and recognized leader in the senior life and supplemental health insurance marketplace. Through the application of a consistent, well-conceived marketing plan and the strengthening of relationships with new and existing distribution sources, Bankers Fidelity is strategically positioned to continue its growth well into the future. Building on the positive momentum of recent years, the company again reported strong growth and profitability in 2000. Our geographic expansion into the Midwest and Western states led to a 15% increase in total premiums compared to 1999, comprised of a 18% increase in our supplemental health insurance premiums and a 8% increase in our life insurance premiums. Total earned premiums for this division stood at $47.9 million, a 89% increase over where it stood just five years ago. Annualized premiums hit $52.6 million in 2000, a goal Gene Choate and his team have been striving to achieve for the last five years. We are confident that with the continued good wishes of our agents in the field, Bankers Fidelity will attain its new goal of $100.0 million in annualized premiums over the next five years. Central to Bankers Fidelity's impressive growth over the past few years is the company's commitment to the independent agency distribution system and its focus on the aggressive development and growth of our regional sales directors. These key individuals manage protected territories using proprietary lead generation programs to recruit new agents. This strategy has resulted in double-digit growth in new sales for each of the past six years and has facilitated market penetration into a number of new states. Once focused exclusively in the Southeast, Bankers Fidelity is now well represented in the Mid-Atlantic, Midwest, and Western regions of the United States.

The entire property and casualty insurance industry continues to be challenged by increasing loss costs, a highly competitive marketplace and concerns about adequate reserve levels. In spite of these challenges, Atlantic American's property and casualty operations continued to grow in 2000.

Once again, American Southern, our large account specialty insurer, reported an excellent year. The hallmark of American Southern continues to be the consistency of its results and the quality of its underwriting. Roy Thompson, Scott Thompson, and Calvin Wall all deserve our thanks for maintaining their disciplined underwriting throughout the soft market in the property and casualty industry. The company's book of business is primarily comprised of large, long-term

contracts with large accounts, states and municipalities. Typical contract duration is from one to three years. In spite of competitive pressures, the company has been successful in renewing the majority of its contracts in 2000.

We also want to mention the results of SIA, Inc., our third party administrator, led by Andy Thompson. Since the acquisition of SIA in 1997, the company has never failed to report excellent results and strong margins in a very competitive business. Andy runs a tight ship and never fails to keep his expenses as low as possible while maintaining the quality of service his clients expect.

The year 2000 also marked the complete and successful integration of Association Casualty into Atlantic American's insurance group. Acquired on July 1, 1999, and led by Harold Fischer, president, Dianne Morris, chief operating officer, and Evelyn Hickey, chief financial officer, Association Casualty is now an integral part of our operations and is working "hand in glove" with Bob Kitchen's team at Georgia Casualty. Although this is the only division of Atlantic American to report disappointing results in 2000, when compared to the industry in which they compete, they have much to commend their performance last year and historically. In the face of the soft market that prevailed in the property and casualty insurance industry in general and the workers' compensation market in particular, our team has worked hard to maintain the integrity of our book of business and the conservatism of our claim reserves. In each of the last two years, we have conducted extensive reviews of all our outstanding claims and have adjusted them upward, where appropriate, to reflect what we believe our ultimate loss costs will be. Although this process is inherently subjective, we believe we are well reserved. Looking forward, we believe that this division will report much stronger results in 2001 and will be the fastest growing division for the immediate future. In light of a workers' compensation market which has seen many competitors with higher ratings than ours go under, and which many industry experts believe is billions under reserved, Georgia Casualty and Association Casualty are moving forward with a well-reserved balance sheet and growing our business in an ever hardening market. We expect great things in the future.

As we go forward, we are more confident than ever that by continuing to build long-term relationships, providing quality products at a fair price and offering professional and personal service, we will be able to grow our operations and demonstrate our ability to earn a good return on invested capital. As this becomes evident, we are confident that the share price of Atlantic American will begin to reflect a more rational valuation. We are confident that 2001 will be an excellent year for Atlantic American.

Thank you for your continued trust and confidence.

J. Mack Robinson	Hilton H. Howell, Jr.
Chairman of the Board	President & CEO

OPERATIONS

Honoring our commitments and delivering on our promises; these are the tenets by which we conduct business at Atlantic American Corporation. Through strict adherence to these principles, we build lasting relationships with our agents and our customers and, in turn, create long-term value for our shareholders.

But the true measure of a relationship is what your partners say of you.

We are proud of the fact that our partners recognize our stability, our integrity, our commitment and our dedication to providing quality service to our agents, our brokers and our customers.

"Because integrity is at the core of everything we do, it's important that our business partners share those values." So says John Cay, III, president and chief executive officer, Palmer & Cay, Inc.

Established in 1868 in Savannah, Georgia, Palmer & Cay is a privately-held professional services firm providing its clients with creative solutions in the areas of insurance, risk management, employee benefits, compensation and investments. Palmer & Cay, one of the largest privately-held brokers in the country, maintains 28 offices in 16 states and the District of Columbia. They employ more than 800 people.

"As a fifth generation company," says John, "we have a long-term perspective on things. We believe in building solid, enduring relationships with quality people. We place great value on decades-long relationships with our clients and the companies with which we do business. There is great value in consistency. Our relationship with Georgia Casualty exemplifies that philosophy."

John continues, "Our focus as an organization begins and ends with people. Throughout our relationship, we have found Georgia Casualty to be responsive and client-focused - as are we. We've also found that the more successful companies are those that are client-focused and closest to both the broker and the client. As a regional company, Georgia Casualty is well positioned in this regard.

"The personal touch is important in a business relationship and we maintain an exceptional relationship with the senior management of Atlantic American Corporation, Georgia Casualty's parent company. In fact, we are shareholders. We know that Atlantic American is building a quality organization that will last. We have faith in the Company and their direction. We know that they will be there in the future for us and for our clients. Their honesty and integrity is beyond question. We are passionate and enthusiastic about our relationship with them."

As the senior executive of a large agency, John Cay offers one perspective on the importance of relationships in meeting client needs. Robb R. Imbus, AAI, vice president of Palmer & Cay of South Carolina, Inc., Charleston, SC, offers his observations on his relationship with Georgia Casualty and how this impacts one of his clients, TBonz of Charleston, SC.

"When I approached Georgia Casualty about designing and offering a restaurant program through the Hospitality Association of South Carolina, Georgia Casualty was immediately receptive. Not only did they give us the exclusivity we wanted, but they also worked with us in designing special coverage enhancements for our hospitality program. They were open to our ideas and wanted our input - even instituting a special billing program at our request. A larger company would not have done that.

"Georgia Casualty's dedicated production underwriter concept is a big plus," continues Robb. "Their knowledge and responsiveness help me and they also benefit my clients. I can honestly say that I have a phenomenal relationship with the company."

Sandra Crosby, an executive with TBonz Restaurant Group, operators of 13 restaurants in South Carolina, North Carolina and Georgia, moved their insurance coverage to Palmer & Cay to take advantage of the restaurant program.

"We had worked with Palmer & Cay in the past and had an extreme comfort level with them," says Sandra. "Our confidence in Palmer & Cay in turn helped to give us confidence in Georgia Casualty. But initially, we were not without concern.

"Much of that up-front concern was overcome when, during a meeting with Palmer & Cay, Robb picked up the phone and called Bob Kitchen, president of Georgia Casualty. We talked for nearly an hour. The fact that there was no red tape and that I could talk with the top person made me feel that we would receive personalized service.

"Of course," says Sandra, "cost does matter. But there are certainly other considerations we take into account when deciding with whom we do business. We appreciate the fact that Georgia Casualty has taken the time to get to know us by name. We have one adjuster for our workers' compensation claims and just one or two adjusters we work with on our general liability claims.

"We have also had great results with the company's loss control services. They have gone into all of our restaurants and performed friction tests. They have been excellent about following up and providing us with observations and helpful safety tips. Again, we have one contact that gives us personalized attention and the same set of eyes from location to location.

"Because our owners, Mark Cumins and Jerry Scheer, have a very strong sense of community service and involvement, we think of ourselves as a company with heart. We look for that same attitude in the companies with whom we do business. We want and need people who listen - and Georgia Casualty listens! After just one year, we have a very high comfort level," says Sandra.

"As with Georgia Casualty's representatives and customers, another of Atlantic American's property and casualty companies, Association Casualty, receives high marks when it comes to quality, personalized service."

Doug Peacock, AAI, Executive Vice President, Insurors of Texas, Waco, Texas, says, "As an agent, I tend to take the path of least resistance. I appreciate working with Association Casualty because they make it easy to do business with them. In fact, working with them is like working with family.

"From a service standpoint, there's no comparison between Association Casualty (ACIC) and the larger, `national' companies," says Doug. "Everyone at ACIC responds in a timely, accurate manner. We know from our experience that things are done correctly - the first time! In addition, we have the best underwriters imaginable. They are receptive and attentive to our needs.

"We have 10 agents and a service team at Insurors of Texas, and we represent a number of companies. But all of our employees feel the same about Association Casualty. They are our primary workers' compensation carrier and they get a shot at all of our quality business.

"From our customers' perspective, they deal directly with the company on claims and have a chance to see ACIC at work `up close and personal' as they say. We have many clients who pay higher premiums to stay with Association Casualty rather than switch carriers. That's quite a testament.

"From the time that Dianne Morris first contacted me in 1991 about representing Association Casualty, we hit it off beautifully. We've had a wonderful relationship ever since. Everything she said, everything she promised, has been backed-up in action.

"In spite of technology and all of the other advances in our industry, ours is still a people business and relationship driven. We are service oriented, as is ACIC. We've learned over the years that those that deliver from a service standpoint are the companies that really stand out. Everyone at the company communicates extremely well with us; and when you do that, you have customers for life!"

"It is a real advantage to have Doug Peacock as our agent," says Brenda Vrazel, Business Manager of the Independent School District of Clifton, Texas. "Because he has served on the Hubbard (TX) school board, he is familiar with school issues and he relates to our needs.

"We switched our workers' compensation coverage from another carrier to Association Casualty five years ago. Quite honestly," says Brenda, "we didn't feel that we were getting either the support or follow-up on claims that we needed. After receiving a number of proposals from Insurors of Texas, we went with ACIC - and we've had no regrets. From the start, they have communicated well with us, they have been proactive on our claims and they have asked for our input. This was not the case with our previous carrier.

"Association Casualty is very good about following-up on claims, making sure that they are legitimate and handled correctly and fairly. We want to make sure that any injured employee is compensated, but we also want to get our employees back to work as soon as possible. Because Association Casualty's support services have helped keep our claims down, the company has treated us very fairly on our rates - a very important consideration since we are dealing with taxpayer money. It's a nice partnership."

Among the support services that Brenda has found to be helpful are the annual audit and the company's loss control assistance. "The annual audit," states Brenda, "helps me stay on track and make sure that my computer systems are set-up correctly. In addition, we use safety videos and training programs made available to us by the company in regularly scheduled employee meetings. All of our employees go through at least one safety meeting per school year; those employees at greater risk attend more frequently. Their input was also very helpful in selecting non-slip flooring for a new school building."

Active in professional associations, Brenda has moderated for a number of classes in risk management. She appreciates the fact that she can call on her associates at ACIC to help develop case histories and information about reporting and the forms required. "I know that I can count on them," she says.

Within Atlantic American Corporation's life and health division, loyalties run deep among sales management, independent sales representatives and customers.

Bankers Fidelity Life, the Company's flagship life and health carrier, is fiercely loyal to its distribution system and committed to maintaining the highest standards of professional, ethical service when dealing with its customers.

Recently recognized for 25 years of continuous service, James Murray, regional sales director, Harrodsburg, Kentucky, first joined the company when it was Atlantic American Life. He says proudly, "Since joining Atlantic American Life, now Bankers Fidelity Life, I have never been licensed with another company. Why? Because the company has done everything they said they would do. It is an outstanding company to work for." He adds emphatically, "Anyone that does not see great things ahead for Bankers Fidelity Life is not looking to the future.

"I honestly believe," James says, " that no other company has as much to offer as Bankers Fidelity. It is critical for agents to be able to work with the home office staff. As it stands today, we have the best underwriting department that any company could want and our products are second to none." As an aside, James says, "I refer to the home office as `we' because we are all part of the same team. Over the past several years, the home office has come a long way! The quality of support has, in turn, allowed me to recruit and retain the highest quality agents I have ever had. I would be proud to stand them up against anyone!"

James notes with pride that, "I wrote the first senior policy with Bankers Fidelity. The client is alive today and that policy is still in force. Our customers stay with us because they appreciate the quality claims service they receive and they know that the company operates with honesty and integrity.

"Throughout my years with Bankers, the company has allowed me to grow beyond my wildest imagination. I have never seriously considered leaving. We have the products. We have the support. It's up to us to run with it.

"Since joining the company more than 25 years ago, Bankers Fidelity has done everything they said they would do - and more."

Jim Stone, regional sales director, Douglas, Georgia, attributes his relationship with Bankers Fidelity to "a fortunate convergence in space and time." Jim says, "It goes back to 1993 when the company (then Atlantic American Life) established their final expense life program at the same time I wanted to concentrate on life sales. Before that, the company specialized in health sales and

I placed my life business with other companies. But in 1993, we made a mutual commitment to one another. I took them at their word, they took me at mine, and seven years later we're still doing business together - and lots of it!"

Like James Murray, Jim Stone cites the relationship between the home office and agents as the primary reason for his longevity with the company. "With most companies," he says, "the agents and home office are miles apart. Not so at Bankers Fidelity. The home office staff makes a real effort to be attentive to our needs and to understand the importance and the role of the agent. If a problem arises, they handle it. Typically an agent's biggest concern is underwriting. But the underwriting department at Bankers does a heck of a job. They make my agents feel that they matter."

From a client perspective, Jim says, "Being based in Georgia and Florida, we sell the fact that we are a local company. But of even greater importance is the fact that our customers know that when they call the home office with questions or for service needs, they do not get the voice mail runaround that they get from other companies. They know that they will get a live person at the other end of the line to help them. This is a big plus when dealing with the senior market. They want personalized service. With Bankers Fidelity, they get it. The fact that we get a large amount of referral business speaks to this point.

"I've never really thought about retiring," says Jim. "I enjoy working with young people and take great pride when someone I've helped becomes successful. I truly look forward to going to work every day. The way I look at it is, if you can find someone that will pay you to do what you like to do, you do it!"

While Bankers Fidelity's regional sales directors appreciate their relationship with the home office, that relationship is also cited by independent agents as a reason that they do business with the company.

"My introduction to Bankers Fidelity Life (Atlantic American Life at the time) came 15 years ago when I was looking for a good Medicare supplement product. The reason that I have maintained a relationship with them ever since," says Larry Weintraub, CLU, ChFC, President of LHW, Inc., Marietta, Georgia, "is threefold. First, their Medicare supplement product is very good; second, they give me personalized service; and, third, I have a great relationship with Gene Choate, president of Bankers Fidelity.

"In selecting the companies that we work with - and we work with several - product quality and cooperation with the home office are my two main priorities. I want to be able to call someone that can solve any problems that arise and I want individual consideration. Most importantly, I want to be able to talk directly to the underwriter. At Bankers Fidelity, I get that. They listen, we have conversations and we can negotiate. This factor is so important to me, I just won't do business with a company if they won't let me talk to the underwriter.

"Another consideration that goes into the mix when selecting a company," says Larry, "is how they handle claims. Our large block of Medicare supplement business generates lots of claims. Yet I can honestly say that we get no more than five claims-related complaints per year. Bankers Fidelity handles their claims in a fair and expeditious manner. They are an honorable company...and I don't say that lightly. Not all companies operate that way.

"My clients know that between LHW and Bankers Fidelity, they will receive personalized service. They appreciate the fact that whether they are dealing with Bankers Fidelity or me, they will talk with a real person, not voice mail. Because of this commitment to personalized service, much of my business comes from referrals."

One of Larry's largest clients is the Lockheed Georgia Employees' Federal Credit Union. "I moved to Atlanta in 1966 to take a job as an engineer at Lockheed," he says. "Shortly thereafter, I made a career change and became an insurance agent. Calling on friends and acquaintances, one of my first clients was a young attorney at Lockheed. He later went on to become chairman of the credit union there. It was through this relationship that I changed my marketing approach to mass marketing. Now," he continues, "the bulk of my business comes from members of credit unions."

Edwin J. Collins, was Larry's first policyholder. Today he is president & chief executive officer of the Lockheed Georgia Employees' Federal Credit Union in Marietta, Georgia, Larry's largest source of business. Lockheed is the sixth largest credit union in Georgia with more than 78,000 members and $400 million in assets. They are celebrating 50 years of service in 2001.

Ed says, "As a member-owned, non-profit organization, we are not profit driven. Rather, we seek products and services that will benefit our members. We believe strongly in offering only quality products that are backed-up with personal service.

"Larry initially came to us about offering Bankers Fidelity's Medicare supplement product to our members. Following discussions with him, we realized that the product was actually better than what Lockheed was offering to its retirees. Therefore, it was a good offering to our senior members. Over the years, Bankers Fidelity has been very good to work with, gives our members excellent service and has treated us very fairly by pricing the product to reflect our claims experience. We feel good about offering this service to our members.

"We have never had a complaint," says Ed. "It's a solid relationship that we have with Larry and Bankers Fidelity Life. They have done everything they said they would do."

We at Atlantic American Corporation are proud of these relationships and the fact that our sales representatives and customers are willing to share their observations. Moreover, we are proud of the fact that these are not isolated cases.

We take all of our relationships seriously and we work hard everyday to fulfill our commitments.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share and per share data)

	DECEMBER 31,	
	2000	1999
ASSETS		
Cash and cash equivalents, including short-term investments of $15,013 and $22,471 in 2000 and 1999, respectively	$ 31,914	$ 34,306
Investments	215,893	198,841
Receivables:		
Reinsurance	39,088	39,287
Other, net of allowance for doubtful accounts of $1,269 and $1,717 in 2000 and 1999, respectively	37,261	28,478
Deferred income taxes, net	3,839	4,299
Deferred acquisition costs	23,398	20,398
Other assets	4,886	5,074
Goodwill	19,498	20,461
Total assets	$ 375,777	$ 351,144
LIABILITIES AND SHAREHOLDERS' EQUITY		
Insurance reserves and policyholder funds	$ 225,164	$ 205,145
Accounts payable and accrued expenses	20,873	16,051
Debt payable	46,500	51,000
Total liabilities	292,537	272,196
Commitments and contingencies (Note 8)		
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
Series C preferred, 25,000 shares issued and outstanding, $2,500 redemption value	25	--
Common stock, $1 par, 30,000,000 shares authorized; 21,412,138 shares issued in 2000 and 1999 and 21,157,250 shares outstanding in 2000 and 21,026,786 shares outstanding in 1999	21,412	21,412
Additional paid-in capital	56,997	55,677
Accumulated deficit	(1,248)	(4,558)
Accumulated other comprehensive income	6,820	7,836
Treasury stock, at cost, 254,888 shares in 2000 and 385,352 shares in 1999	(900)	(1,553)
Total shareholders' equity	83,240	78,948
Total liabilities and shareholders' equity	$ 375,777	$ 351,144

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

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share data)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Revenue:			
Insurance premiums	$ 133,497	$ 107,594	$ 91,292
Investment income	15,552	12,724	11,499
Other income	1,287	1,172	366
Realized investment gains, net	1,922	2,831	2,909
Total revenue	152,258	124,321	106,066
Benefits and expenses:			
Insurance benefits and losses incurred	97,628	78,162	60,845
Commissions and underwriting expenses	36,677	29,713	27,160
Interest expense	4,408	2,819	2,146
Other	8,789	9,705	7,212
Total benefits and expenses	147,502	120,399	97,363
Income before income tax provision (benefit)	4,756	3,922	8,703
Income tax provision (benefit)	1,124	(6,988)	145
Net income before preferred stock dividends	3,632	10,910	8,558
Preferred stock dividends	(1,206)	(1,206)	(1,521)
Net income applicable to common stock	$ 2,426	$ 9,704	$ 7,037
Basic earnings per common share	$ .12	$ .48	$ .37
Diluted earnings per common share	$ .12	$ .46	$ .37

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in thousands, except share data)

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE INCOME	TREASURY STOCK	TOTAL
Balance, December 31, 1997	$ 164	$18,921	$53,316	$(23,653)	$ 29,498	$ (63)	$ 78,183
Comprehensive income:							
Net income	--	--	--	8,558	--	--	8,558
Decrease in unrealized investment gains	--	--	--	--	(712)	--	(712)
Total comprehensive income							7,846
Cash dividends paid on preferred stock	--	--	(315)	--	--	--	(315)
Dividends accrued on preferred stock	--	--	(1,206)	--	--	--	(1,206)
Purchase of 349,879 shares for treasury	--	--	--	--	--	(1,592)	(1,592)
Issuance of 77,475 shares for employee benefit plans and stock options	--	--	--	(118)	--	353	235
Preferred stock redeemed including issuance of 469,760 common shares	(30)	470	(1,440)	--	--	--	(1,000)
Issuance of 15,265 shares for final consideration of Self-Insurance Administrators, Inc.	--	15	51	--	--	--	66
Balance, December 31, 1998	134	19,406	50,406	(15,213)	28,786	(1,302)	82,217
Comprehensive loss:							
Net income	--	--	--	10,910	--	--	10,910
Decrease in unrealized investment gains	--	--	--	--	(16,731)	--	(16,731)
Deferred income tax attributable to other comprehensive loss	--	--	--	--	(4,219)	--	(4,219)
Total comprehensive loss							(10,040)
Dividends accrued on preferred stock	--	--	(1,206)	--	--	--	(1,206)
Purchase of 213,392 shares for treasury	--	--	--	--	--	(779)	(779)
Issuance of 113,608 shares for employee benefit plans and stock options	--	--	--	(255)	--	528	273
Issuance of 2,006,385 shares for acquisition of Association Casualty Insurance Company	--	2,006	6,477	--	--	--	8,483
Balance, December 31, 1999	134	21,412	55,677	(4,558)	7,836	(1,553)	78,948
COMPREHENSIVE INCOME:							
NET INCOME	--	--	--	3,632	--	--	3,632
DECREASE IN UNREALIZED INVESTMENT GAINS	--	--	--	--	(1,563)	--	(1,563)
DEFERRED INCOME TAX BENEFIT ATTRIBUTABLE TO OTHER COMPREHENSIVE LOSS	--	--	--	--	547	--	547
TOTAL COMPREHENSIVE INCOME							2,616
ISSUANCE OF 25,000 SHARES OF PREFERRED STOCK	25	--	2,475	--	--	--	2,500
DIVIDENDS ACCRUED ON PREFERRED STOCK	--	--	(1,206)	--	--	--	(1,206)
COMPENSATION EXPENSE RELATED TO STOCK GRANTS	--	--	51	--	--	--	51
PURCHASE OF 33,206 SHARES FOR TREASURY	--	--	--	--		(79)	(79)
ISSUANCE OF 163,670 SHARES FOR EMPLOYEE BENEFIT PLANS AND STOCK OPTIONS	--	--	--	(322)	--	732	410
BALANCE, DECEMBER 31, 2000	$159	$21,412	$56,997	$(1,248)	$ 6,820	$ (900)	$ 83,240

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)	YEAR ENDED DECEMBER 31, 2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 3,632	$ 10,910	$ 8,558
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of deferred acquisition costs	15,804	11,947	10,595
Acquisition costs deferred	(18,804)	(14,003)	(11,087)
Realized investment gains, net	(1,922)	(2,831)	(2,909)
Increase (decrease) in insurance reserves and policyholder funds	20,019	14,036	(1,941)
Compensation expense related to stock grants	51	--	--
Depreciation and amortization	1,744	1,435	1,368
Deferred income tax expense (benefit)	1,007	(6,997)	--
(Increase) decrease in receivables, net	(8,584)	(8,404)	950
Increase in other liabilities	3,617	73	291
Other, net	142	(768)	(350)
Net cash provided by operating activities	16,706	5,398	5,475
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from investments sold	3,447	8,482	8,723
Proceeds from investments matured, called or redeemed	11,877	35,594	55,665
Investments purchased	(31,290)	(53,211)	(82,981)
Additions to property and equipment	(619)	(829)	(394)
Acquisition of American Independent, net of $1,946 cash acquired	--	198	(483)
Acquisition of Association Casualty, net of $6,270 cash acquired	(94)	(18,205)	--
Bulk reinsurance transactions, net	--	--	608
Net cash used in investing activities	(16,679)	(27,971)	(18,862)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of bank financing	--	51,000	--
Proceeds from issuance of Series C Preferred Stock	1,750	--	--
Preferred stock dividends	--	--	(315)
Proceeds from exercise of stock options	410	273	90
Purchase of treasury shares	(79)	(779)	(1,447)
Repayments of debt	(4,500)	(26,000)	(2,600)
Redemption of preferred stock	--	--	(1,000)
Net cash (used in) provided by financing activities	(2,419)	24,494	(5,272)
Net (decrease) increase in cash and cash equivalents	(2,392)	1,921	(18,659)
Cash and cash equivalents at beginning of year	34,306	32,385	51,044
Cash and cash equivalents at end of year	$ 31,914	$ 34,306	$ 32,385
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	$ 4,170	$ 2,510	$ 2,143
Cash paid for income taxes	$ 166	$ 131	$ 330

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2000, 1999 AND 1998
(Dollars in thousands, except share and per share data)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") which, as to insurance companies, differ from the statutory accounting practices prescribed or permitted by regulatory authorities. These financial statements include the accounts of Atlantic American Corporation (the "Company") and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

At December 31, 2000, the Company had five insurance subsidiaries, including Bankers Fidelity Life Insurance Company ("Bankers Fidelity"), American Southern Insurance Company and its wholly-owned subsidiary, American Safety Insurance Company (together known as "American Southern"), Association Casualty Insurance Company ("ACIC") and Georgia Casualty & Surety Company ("Georgia Casualty"), in addition to two non-risk bearing subsidiaries, Association Risk Management General Agency, Inc. ("ARMGA") and Self-Insurance Administrators, Inc. ("SIA, Inc."). ACIC and ARMGA (together known as "Association Casualty") were acquired on July 1, 1999. The results of operations of Association Casualty are included in the consolidated results of operations since the date of acquisition.

PREMIUM REVENUE AND COST RECOGNITION

Life insurance premiums are recognized as revenues when due, whereas accident and health premiums are recognized over the premium paying period. Benefits and expenses are associated with premiums as they are earned so as to result in recognition of profits over the lives of the contracts. This association is accomplished by the provision of a future policy benefits reserve and the deferral and subsequent amortization of the costs of acquiring business, "deferred policy acquisition costs" (principally commissions, premium taxes, advertising and other expenses of issuing policies). Traditional life insurance and long-duration health insurance deferred policy acquisition costs are amortized over the estimated premium-paying period of the related policies using assumptions consistent with those used in computing policy benefit reserves. The deferred policy acquisition costs for property and casualty insurance and short-duration health insurance are amortized over the effective period of the related insurance policies. Deferred policy acquisition costs are expensed when such costs are deemed not to be recoverable from future premiums (for traditional life and long-duration health insurance) and from the related unearned premiums and investment income (for property and casualty and short-duration health insurance).

Property and casualty insurance premiums are recognized as revenue ratably over the contract period. The Company provides for insurance benefits and losses on accident, health, and casualty claims based upon estimates of projected ultimate losses.

GOODWILL

Goodwill is amortized over a period of fifteen to forty years using the straight-line method. The Company periodically evaluates whether events and circumstances have occurred that indicate that the remaining estimated useful life of goodwill may warrant revision. Should factors indicate that goodwill be evaluated for possible impairment, the Company will compare the recoverability of goodwill to a projection of the acquired companies' undiscounted cash flow over the estimated remaining life of the goodwill in assessing whether the goodwill is recoverable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

All of the Company's debt and equity securities are classified as available for sale and are carried at market value. Mortgage loans, policy and student loans, and real estate are carried at historical cost. Other invested assets are comprised of investments in limited partnerships, limited liability companies, and real estate joint ventures; those which are publicly traded are carried at estimated market value, those for which the Company has a 20% to 50% interest or less than a 20% interest but has the ability to exercise significant influence ("equity investees") are accounted for using the equity method, and all others are carried at historical cost. If the value of a common stock, preferred stock, other invested asset, or publicly traded bond declines below its cost or amortized cost, and the decline 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. Premiums and discounts related to investments are amortized or accreted over the life of the related investment as an adjustment to yield using the effective interest method. Dividends and interest income are recognized when earned or declared.

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

INCOME TAXES

Deferred income taxes represent the expected future tax consequences when the reported amounts of assets and liabilities are recovered or paid. They arise from differences between the financial reporting and tax basis of assets and liabilities and are adjusted for changes in tax laws and tax rates as those changes are enacted. The provision for income taxes represents the total amount of income taxes due related to the current year, plus the change in deferred taxes during the year.

EARNINGS PER COMMON SHARE

Basic earnings per common share are based on the weighted average number of common shares outstanding during each period. Diluted earnings per common share are based on the weighted average number of common shares outstanding during each period, plus common shares calculated for stock options outstanding using the treasury stock method and assumed conversion of the Series B and C Preferred Stock, if dilutive. Unless otherwise indicated, earnings per common share amounts are presented on a diluted basis.

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 from date of purchase.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 provides guidance on the recognition, presentation and disclosure of revenues in financial statements and requires adoption no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. The Company adopted SAB 101 in the fourth quarter of 2000. The adoption did not have any impact on the Company's results of operations or financial position.

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 requires the recognition of the fair value of all derivative instruments on the balance sheet and establishes specific accounting methods for hedges. In June 1999, the FASB issued SFAS 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Election Date of FASB Statement 133" ("SFAS 137"). Subsequent to the issuance of SFAS 133, as amended by SFAS 137, the FASB received many requests to clarify certain issues causing difficulties in implementation. In June 2000, the FASB issued SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," ("SFAS 138"), which responds to these requests by amending certain provisions of SFAS 133. The Company will adopt SFAS 133 and the corresponding amendments under SFAS 138 on

January 1, 2001. Management has determined that the impact of initially adopting SFAS 133, as amended by SFAS 137 and SFAS 138, will not have a material effect on the Company's financial condition or results of operations.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

RECLASSIFICATIONS

Certain prior year balances have been reclassified to conform with the current year presentation.

NOTE 2. INVESTMENTS

Investments are comprised of the following:

	2000			
	CARRYING VALUE	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	AMORTIZED COST
BONDS:				
U.S. TREASURY SECURITIES AND OBLIGATIONS OF U.S. GOVERNMENT CORPORATIONS AND AGENCIES	$111,198	$ 608	$ 1,517	$112,107
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS	4,088	37	2	4,053
CORPORATE SECURITIES	37,752	563	921	38,110
MORTGAGE-BACKED SECURITIES (GOVERNMENT GUARANTEED)	6,366	71	9	6,304
	159,404	1,279	2,449	160,574
COMMON AND PREFERRED STOCKS	43,945	14,566	2,730	32,109
OTHER INVESTED ASSETS	5,862	--	174	6,036
MORTGAGE LOANS (ESTIMATED FAIR VALUE OF$ 4,040)	3,538	--	--	3,538
POLICY AND STUDENT LOANS	3,098	--	--	3,098
REAL ESTATE	46	--	--	46
INVESTMENTS	215,893	15,845	5,353	205,401
SHORT-TERM INVESTMENTS	15,013	--	--	15,013
TOTAL INVESTMENTS	$230,906	$15,845	$ 5,353	$220,414

	2000			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
Bonds:				
U.S. Treasury Securities and Obligations of U.S. Government Corporations and Agencies	$104,217	$ 137	$ 5,551	$109,631
Obligations of states and political subdivisions	4,078	2	62	4,138
Corporate securities	26,106	116	796	26,786
Mortgage-backed securities (government guaranteed)	2,599	--	66	2,665
	137,000	255	6,475	143,220
Common and preferred stocks	48,684	22,226	4,725	31,183
Other invested assets	5,717	774	--	4,943
Mortgage loans (estimated fair value of $4,237)	3,645	--	--	3,645
Policy and student loans	3,749	--	--	3,749
Real estate	46	--	--	46
Investments	198,841	23,255	11,200	186,786
Short-term investments	22,471	--	--	22,471
Total investments	$221,312	$23,255	$ 11,200	$209,257

Bonds and cash having an amortized cost of $16,187 and $16,241 were on deposit with insurance regulatory authorities at December 31, 2000 and 1999, respectively, in accordance with statutory requirements.

NOTE 2. INVESTMENTS (CONTINUED)

The amortized cost and carrying value of bonds and short-term investments at December 31, 2000 by contractual maturity are as follows. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	CARRYING VALUE	AMORTIZED COST
DUE IN ONE YEAR OR LESS	$ 24,185	$ 24,181
DUE AFTER ONE YEAR THROUGH FIVE YEARS	28,532	28,528
DUE AFTER FIVE YEARS THROUGH TEN YEARS	109,213	110,503
DUE AFTER TEN YEARS	12,133	12,026
VARYING MATURITIES	354	349
TOTALS	$174,417	$175,587

Investment income was earned from the following sources:

	2000	1999	1998
Bonds	$10,882	$ 8,447	$ 6,363
Common and preferred stocks	2,470	2,388	1,903
Mortgage loans	333	352	373
CDs and commercial paper	849	933	2,004
Other	1,018	604	856
Total investment income	15,552	12,724	11,499
Less investment expenses	(232)	(290)	(332)
Net investment income	$15,320	$12,434	$11,167

A summary of realized investment gains (losses) follows:

2000	STOCKS	BONDS	OTHER INVESTED ASSETS	TOTAL
GAINS	$1,907	$ 52	$ --	$1,959
LOSSES	(11)	(26)	--	(37)
TOTAL REALIZED INVESTMENT GAINS (LOSSES) NET	$1,896	$ 26	$ --	$1,922

1999	Stocks	Bonds	Other Invested Assets	Total
Gains	$2,526	$ 10	$ 585	$3,121
Losses	(52)	(238)	--	(290)
Total realized investment gains (losses) net	$2,474	$(228)	$ 585	$2,831

1998	Stocks	Bonds	Other Invested Assets	Total
Gains	$3,832	$ 11	$ --	$3,843
Losses	(735)	(199)	--	(934)
Total realized investment gains (losses) net	$3,097	$(188)	$ --	$2,909

NOTE 2. INVESTMENTS (CONTINUED)

Proceeds from the sale of common and preferred stocks, bonds and other investments are as follows:

	2000	1999	1998
Common and preferred stocks	$2,595	$5,960	$6,999
Bonds	--	1,379	--
Student loans	651	519	1,024
Other investments	201	624	700
Total proceeds	$3,447	$8,482	$8,723

The Company's investment in the common stock of Wachovia Corporation exceeds 10% of shareholders' equity at December 31, 2000. The carrying value of this investment at December 31, 2000 was $14,171 with a cost basis of $4,267.

The Company's bond portfolio included 97% investment grade securities at December 31, 2000 as defined by the National Association of Insurance Commissioners ("NAIC").

NOTE 3. INSURANCE RESERVES AND POLICYHOLDER FUNDS

The following table presents the Company's reserves for life, accident, health and property and casualty losses as well as loss adjustment expenses.

			Amount of Insurance in Force	
Future policy benefits	2000	1999	2000	1999
Life insurance policies:				
Ordinary	$ 31,542	$ 29,235	$253,721	$238,827
Mass market	7,529	7,933	12,250	15,948
Individual annuities	855	741	--	--
	39,926	37,909	$265,971	$254,775
Accident and health insurance policies	2,180	2,184		
	42,106	40,093		
Unearned premiums	45,421	34,293		
Losses and claims	133,220	126,556		
Other policy liabilities	4,417	4,203		
Total policy liabilities	$225,164	$205,145		

Annualized premiums for accident and health insurance policies were $39,361 and $32,028 at December 31, 2000 and 1999, respectively.

FUTURE POLICY BENEFITS

Liabilities for life insurance future policy benefits are based upon assumed future investment yields, mortality rates, and withdrawal rates after giving effect to possible risks of adverse deviation. The assumed mortality and withdrawal rates are based upon the Company's experience. The interest rates assumed for life, accident and health are generally: (i) 2.5% to 5.5% for issues prior to 1977, (ii) 7% graded to 5.5% for 1977 through 1979 issues, (iii) 9% for 1980 through 1987 issues, and (iv) 5% to 7% for 1988 and later issues.

LOSS AND CLAIM RESERVES

Loss and claim reserves represent estimates of projected ultimate losses and are based upon: (a) management's estimate of ultimate liability and claim adjusters' evaluations for unpaid claims reported prior to the close of the accounting period, (b) estimates of incurred but not reported claims based on past experience, and (c) estimates of loss adjustment expenses. The estimated liability is continually reviewed by management and independent consulting actuaries and updated with changes to the estimated liability recorded in the statement of operations in the year in which such changes are known.

NOTE 3. INSURANCE RESERVES AND POLICYHOLDER FUNDS (CONTINUED)

Activity in the liability for unpaid claims and claim adjustment expenses is summarized as follows:

	2000	1999
Balance at January 1	$ 126,556	$ 86,768
Less: Reinsurance recoverables	(38,759)	(22,625)
Net balance at January 1	87,797	64,143
Incurred related to:		
Current year	102,336	79,328
Prior years	(6,085)	(2,427)
Total incurred	96,251	76,901
Paid related to:		
Current year	54,313	44,623
Prior years	35,366	28,558
Total paid	89,679	73,181
Reserves acquired due to acquisition	--	19,934
Net balance at December 31	94,369	87,797
Plus: Reinsurance recoverables	38,851	38,759
Balance at December 31	$ 133,220	$ 126,556

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

	2000	1999
Total incurred claims	$ 96,251	$ 76,901
State residual pool refunds and adjustments to loss portfolio arrangements	(59)	(329)
Cash surrender value and matured endowments	1,436	1,590
Total insurance benefits and losses incurred	$ 97,628	$ 78,162

NOTE 4. REINSURANCE

In accordance with general practice in the insurance industry, portions of the life, property and casualty insurance written by the Company are reinsured; however, the Company remains contingently liable with respect to reinsurance ceded should any reinsurer be unable to meet its obligations. Approximately 83% of the reinsurance receivables are due from four reinsurers as of December 31, 2000. Reinsurance receivables of $20,079 are with General Reinsurance Corporation, rated "AAA" by Standard & Poor's and "A++" (Superior) by A.M. Best, $2,296 are with First Colony Life Insurance Company, rated "AA" by Standard & Poor's and "A++" (Superior) by A.M. Best, $7,409 are with Pennsylvania Manufacturers Association Insurance Company, rated "A+" (Superior) by A.M. Best, and $2,717 are with Signet Star rated "AA-" (Excellent) by Standard & Poor's and "A" (Excellent) by A.M. Best. Allowances for uncollectible amounts are established against reinsurance receivables, if appropriate. Premiums assumed of $27,412, $24,903, and $23,633 in 2000, 1999, and 1998 respectively, include a state contract with premiums of $17,198, $15,064, and $14,403. The contract premiums represent 12.9%, 14.0% and 15.8% of net premiums earned for the years ended 2000, 1999, and 1998, respectively. The following table reconciles premiums written to premiums earned and summarizes the components of insurance benefits and losses incurred.

	2000	1999	1998
Direct premiums written	$128,116	$ 97,909	$ 76,964
Plus - premiums assumed	27,412	24,903	23,633
Less - premiums ceded	(10,916)	(13,189)	(10,746)
Net premiums written	144,612	109,623	89,851
Change in unearned premiums	(11,408)	(1,802)	1,352
Change in unearned premiums ceded	293	(227)	89
Net change in unearned premiums	(11,115)	(2,029)	1,441
Net premiums earned	$133,497	$107,594	$ 91,292
Provision for benefits and losses incurred	$106,596	$ 88,848	$ 69,478
Reinsurance loss recoveries	(8,968)	(10,686)	(8,633)
Insurance benefits and losses incurred	$ 97,628	$ 78,162	$ 60,845

Components of reinsurance receivables are as follows:

	2000	1999
Receivable on unpaid losses	$38,851	$ 38,759
Receivable on paid losses	237	528
	$39,088	$ 39,287

NOTE 5. INCOME TAXES

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

	2000	1999	1998
Federal income tax provision at statutory rate of 35%	$ 1,665	$ 1,373	$ 3,046
Tax exempt interest and dividends received deductions	(484)	(400)	(452)
Other permanent differences	363	--	--
Change in asset valuation allowance due to:			
Utilization of net operating loss carryforwards	--	(973)	(2,594)
Recognition of deferred tax liability relating to unrealized investment gains	--	(4,219)	--
Change in judgment relating to realizability of deferred tax assets	(537)	(2,778)	--
Alternative minimum tax	117	9	145
Total provision (benefit) for income taxes	$ 1,124	$(6,988)	$ 145

Deferred tax liabilities and assets at December 31, 2000 and 1999 are comprised of the following:

	2000	1999
Deferred tax liabilities:		
Deferred acquisition costs	$ (5,324)	$ (4,646)
Net unrealized investment gains	(3,672)	(4,219)
Other	(66)	(160)
Total deferred tax liabilities	(9,062)	(9,025)
Deferred tax assets:		
Net operating loss carryforwards	11,073	13,284
Insurance reserves	9,268	7,512
Bad debts and other	462	967
Total deferred tax assets	20,803	21,763
Asset valuation allowance	(7,902)	(8,439)
Net deferred tax assets	$ 3,839	$ 4,299

NOTE 5. INCOME TAXES (CONTINUED)

The components of the provision (benefit) are:

	2000	1999	1998
Current - Federal	$ 117	$ 9	$ 145
Deferred - Federal	1,007	(6,997)	--
Total	$ 1,124	$(6,988)	$ 145

At December 31, 2000, the Company had regular federal net operating loss carryforwards of approximately $31,600 expiring generally between 2002 and 2010. Until the end of 1999, the Company established a full valuation allowance against its net deferred income tax benefits as they were not considered realizable from expected future reversals of existing taxable temporary differences. The Company believed that it was more likely than not that the deferred income tax benefits would not be realized through future taxable income prior to the expiration dates of net operating loss carryforwards. However, with the acquisition of Association Casualty and several years of profitability, in the fourth quarter of 1999 the Company determined that it was more likely than not that a portion of its net deferred income tax benefits relating to net operating loss carryforwards scheduled to expire between 2006 and 2010 would be realized based on future taxable income. Management also can and would implement tax-planning strategies to prevent these carryforwards from expiring.

As of December 31, 2000 and 1999, a valuation allowance of $7,902 and $8,439 has been established for deferred income tax benefits relating primarily to net operating loss carryforwards scheduled to expire between 2002 and 2003 that may not be realized. The decrease of $537 in the valuation allowance is due primarily to the utilization of a portion of these benefits that were previously reserved for. Since the Company's ability to generate taxable income from operations and utilize available tax-planning strategies in the near term is dependent upon various factors, many of which are beyond management's control, management believes that it is more likely than not that the remaining deferred income tax benefits relating primarily to the carryforwards scheduled to expire in 2002 and 2003 will not be realized. However, realization of the remaining deferred income tax benefits will be assessed periodically based on the Company's current and anticipated results of operations and amounts could increase or decrease in the near term if estimates of future taxable income change. The Company has formal tax-sharing agreements and files a consolidated income tax return with its subsidiaries.

NOTE 6. CREDIT ARRANGEMENTS

The Company is a party to a five-year revolving credit facility ("the Revolving Credit Facility") that provides for borrowings up to $30,000. The interest rate on the borrowings under this facility may be fixed, at the Company's option, for a period of one, three, six or twelve months and is based upon the London Interbank Offered Rate ("LIBOR") plus an applicable margin, 2.50% at December 31, 2000. The margin varies based upon the Company's leverage ratio (debt to total capitalization, as defined) and ranges from 1.75% to 3.75%. Interest on the Revolving Credit Facility is currently payable monthly. The Revolving 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, except as provided below. The interest rate on this facility at December 31, 2000 and 1999 was 9.12% and 8.49%, respectively.

The Company also has outstanding $25,000 of Series 1999, Variable Rate Demand Bonds (the "Bonds") due July 1, 2009 issued through a private placement. 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 letter of credit issued by Wachovia Bank, N.A., which is automatically renewable on a monthly basis until thirteen months after such time as Wachovia gives the Company notice of its option not to renew the letter of credit. The Bonds are subject to mandatory redemption upon termination of the letter of credit, if an alternative letter of credit facility is not secured. The Company expects that it would be able to replace the letter of credit facility within the prescribed period if Wachovia should give notice of its intention not to renew the existing facility. The cost of the letter of credit and its associated fees are 2.50% making the effective rate on the Bonds LIBOR plus 2.50% at December 31, 2000. The interest on the Bonds is payable monthly and the letter of credit fees are payable quarterly. The interest rate on the Bonds, along with the related fees, at December 31, 2000 and 1999 was 9.15% and 8.29%, respectively. The Bonds do not require the repayment of any principal prior to maturity, except as provided above.

The Company is required, under both instruments, to maintain certain covenants including, among others, ratios that relate funded debt to total capitalization, funded debt to earnings before interest, taxes, depreciation and amortization ("EBITDA"), and interest coverage to interest. The Company must also comply with limitations on capital expenditures and additional debt obligations.

Effective December 30, 2000, the Revolving Credit Facility and letter of credit were both amended by Wachovia Bank, N.A. The amendment establishes new covenants pertaining to ratios related to funded debt, total capitalization, interest coverage, EBITDA, and authorized control level risk-based capital. In addition, the Company is required to enter into and maintain at all times thereafter, interest rate protection agreements with respect to at least 30 percent of the aggregate principal amount of the total debt. On March 21, 2001, the Company entered into an interest rate swap agreement with Wachovia Bank, N.A. to hedge its interest rate risk on a portion of the outstanding borrowings under the Revolving Credit Facility. Also, beginning March 31, 2003 and each quarter thereafter, the commitment on the Revolving Credit Facility shall be permanently reduced in an amount equal to $1,000. Each such reduction shall be accompanied by a prepayment of the loans to the extent that the loans exceed the amount of the commitment after giving affect to each quarterly reduction. At December 31, 2000 the Company was in compliance with all debt covenants, as revised on December 30, 2000.

NOTE 7. ACQUISITIONS

On July 1, 1999, the Company acquired 100% of the outstanding stock of ACIC and ARMGA for a combined price of $33,052 with $8,483 of the purchase price paid in the form of common stock of the Company and the remaining $24,569 paid in cash obtained from borrowings under the 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 proforma unaudited results of operations for the years ended December 31, 1999 and 1998 assuming the purchase of ACIC and ARMGA had been consummated as of January 1, 1998.

	Consolidated	
	1999	1998
Revenue	$136,459	$121,268
Net income	$ 9,656	$ 11,426
Per common share data		
Basic earnings per common share	$ .40	$ .48
Diluted earnings per common share	$ .39	$ .45

This proforma financial information has been prepared for informational purposes only and is not necessarily indicative of the results of operations had the transaction been consummated on January 1, 1998, nor is it indicative of results of operations that may be obtained in the future.

In connection with the acquisitions of ACIC and ARMGA the following assets and liabilities were acquired.

Cash, including short-term investments	$ 6,270
Investments	30,276
Goodwill	17,008
Receivables	17,773
Other assets	2,691
Total assets	74,018
Insurance reserves and policy funds	38,450
Other liabilities	2,516
Total liabilities	40,966
Purchase price	$ 33,052

In addition, on April 1, 1999 the Company merged American Independent Life Insurance Company ("American Independent") into Bankers Fidelity completing the consolidation of these two companies whose operations had been assimilated following the acquisition of American Independent in 1997.

NOTE 8. COMMITMENTS AND CONTINGENCIES

LITIGATION

During 2000, American Southern renewed one of its larger accounts. Although this contract was renewed through a competitive bidding process, one of the parties bidding for this particular contract contested the award of this business to American Southern and filed a claim to obtain the nullification of the contract. During the fourth quarter of 2000, American Southern received an unfavorable judgment relating to this litigation and has appealed the ruling. The contract is to remain in effect pending appeal. While management believes that the effect of an adverse outcome on this case would not materially affect the current financial position of the Company, it may have a material impact on the future results of operations of the Company.

The Company and its subsidiaries are parties to other 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.

OPERATING LEASE COMMITMENTS

The Company's rental expense, including common area charges, for operating leases was $1,534, $1,271, and $1,188 in 2000, 1999, and 1998 respectively. The Company's future minimum lease obligations under non-cancelable operating leases are as follows:

Year Ending December 31,	
2001	$ 1,384
2002	1,195
2003	1,116
2004	1,115
2005	982
Thereafter	1,174
Total	$ 6,966

NOTE 9. EMPLOYEE BENEFIT PLANS

STOCK OPTIONS

In accordance with the Company's 1992 Incentive Plan, the Board of Directors may grant up to 1,800,000 stock options or share awards. The Board of Directors may grant: (a) incentive stock options within the meaning of Section 422 of the Internal Revenue Code; (b) non-qualified stock options; (c) performance units; (d) awards of restricted shares of the Company's common stock and other stock unit awards; or (e) all or any combination of the foregoing to officers and key employees. Options granted under this plan expire five years from the date of grant. Vesting occurs at 50% upon issuance of an option, and the remaining portion is vested at 25% increments in each of the following two years. In accordance with the Company's 1996 Director Stock Option Plan, a maximum of 200,000 stock options may be granted that fully vest six months after the grant date. As of December 31, 2000, an aggregate of fifty-five employees, officers and directors held options under the two plans. Effective February 29, 2000 the Board of Directors granted deferred shares of stock to officers and key employees in accordance with the Company's 1992 Incentive Plan. These shares will vest five years from the date of grant. During 2000, the Company began recording deferred compensation expense related to unvested shares.

A summary of the status of the Company's stock option plans at December 31, 2000 and 1999, is as follows:

	2000		1999	
	SHARES	WEIGHTED AVG. EXERCISE PRICE	Shares	Weighted Avg. Exercise Price
Options outstanding, beginning of year	1,170,000	$ 3.34	1,154,900	$ 3.20
Options granted	12,000	3.18	129,500	3.89
Options exercised	(120,000)	2.50	(74,500)	1.92
Options canceled or expired	(38,000)	3.63	(39,900)	3.56
Options outstanding, end of year	1,024,000	3.43	1,170,000	3.34
Options exercisable	992,125	3.41	1,026,750	3.28
Options available for future grant	435,150		519,150	

The Company does not recognize compensation for stock options cost since the option price approximates fair value on the date of grant. If compensation cost had been recognized, the Company's net income and earnings per share would have been as follows:

	2000	1999	1998
Net income:			
As reported	$ 3,632	$ 10,910	$ 8,558
Pro forma	3,480	10,477	8,082
Basic earnings per common share:			
As reported	$ .12	$ .48	$ .37
Pro forma	.11	.46	.35
Diluted earnings per common share:			
As reported	$ .12	$ .46	$ .37
Pro forma	.11	.44	.35

The resulting pro forma compensation cost may not be representative of that to be expected in future years.

NOTE 9. EMPLOYEE BENEFIT PLANS (CONTINUED)

		Outstanding		Exercisable	
Range of Exercise Price	Number of Options	Weighted Average Remaining Life	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$2.00 to $2.50	220,000	<1.00	$2.38	220,000	$2.38
$2.51 to $3.00	22,000	2.36	$2.90	22,000	$2.90
$3.01 to $3.50	57,500	1.03	$3.20	57,500	$3.20
$3.51 to $4.00	708,500	2.57	$3.77	676,625	$3.76
$4.01 to $4.50	11,000	2.87	$4.27	11,000	$4.27
$4.51 to $5.00	5,000	2.57	$4.94	5,000	$4.94
	1,024,000			992,125	

The weighted average fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model and was $1.63 and $1.73 for grants in 2000 and 1999, respectively. Fair value determinations were based on expected dividend yields of zero, expected lives of 5 years, risk free interest rates of 4.99% and 6.36%, and expected volatility of 52.77% and 39.97%, for the years ended December 31, 2000 and 1999, respectively.

401(K) PLAN

The Company initiated an employees' savings plan under Section 401(k) of the Internal Revenue Code in May 1995. The plan covers substantially all of the Company's employees, except employees of American Southern and Association Casualty. The Company previously had a profit sharing plan for its employees which was subsequently amended and restated to comply with the Section 401(k) provisions. Under the plan, employees generally may elect to contribute up to 16% of their compensation to the plan. The Company makes a matching contribution to each employee in an amount equal to 50% of the first 6% of such contributions. The Company's matching contribution is in Company stock and with a value of approximately $155, $133, and $125 in 2000, 1999, and 1998, respectively. Association Casualty has a comparable savings plan covering substantially all of its employees.

DEFINED BENEFIT PENSION PLANS

The Company has two defined benefit pension plans covering the employees of American Southern. The Company's general funding policy is to contribute annually the maximum amount that can be deducted for income tax purposes.

Net periodic pension cost for American Southern's qualified and non-qualified defined benefit plans for the years ended December 31, 2000, 1999, and 1998 included the following components:

	2000	1999	1998
Service cost	$ 119	$ 134	$ 131
Interest cost	239	232	241
Expected return on plan assets	(209)	(219)	(198)
Net amortization	2	(27)	19
	$ 151	$ 120	$ 193

NOTE 9. EMPLOYEE BENEFIT PLANS (CONTINUED)

The following assumptions were used to measure the projected benefit obligation for the benefit plans at December 31, 2000, 1999, and 1998:

	2000	1999	1998
Discount rate to determine the projected benefit obligation	7.00%	8.00%	6.75%
Expected long-term rate of return on plan assets used to determine net periodic pension cost	8.00%	8.00%	8.00%
Projected annual salary increases	4.50%	4.50%	4.50%

The following table sets forth the benefit plans' funded status at December 31, 2000 and 1999:

	2000	1999
CHANGE IN BENEFIT OBLIGATION		
Net benefit obligation at beginning of year	$ 2,923	$ 3,452
Service cost	119	134
Interest cost	239	232
Actuarial loss (gain)	614	(699)
Gross benefits paid	(103)	(196)
Net benefit obligation at end of year	$ 3,792	$ 2,923
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	$ 2,676	$ 2,778
Employer contributions	11	--
Actual return on plan assets	(99)	(36)
Gross benefits paid	(103)	(66)
Fair value of plan assets at end of year	$ 2,485	$ 2,676
FUNDED STATUS OF PLAN		
Funded status at end of year	$ (1,307)	$ (247)
Unrecognized net actuarial loss	721	(201)
Unrecognized prior service cost	(4)	(327)
Unrecognized net transition obligation	5	330
Net amount recognized at end of year	$ (585)	$ (445)
Amounts recognized in the statement of financial position consist of:		
Prepaid benefit cost	$ --	$ --
Accrued benefit cost	(585)	(445)
Additional minimum liability	--	--
Net amount recognized at end of year	$ (585)	$ (445)

Included in the above is one plan which is unfunded. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for this plan were $905, $653, and $0, respectively, as of December 31, 2000 and $445, $256, and $0, respectively, as of December 31, 1999.

NOTE 10. PREFERRED STOCK

The Company has 134,000 shares of Series B Preferred Stock ("Series B Preferred Stock") outstanding, having a stated value of $100 per share. Annual dividends on the Series B Preferred Stock are $9.00 per share and are cumulative. Dividends shall accrue whether or not declared by the Board of Directors. The Series B Preferred Stock is not currently convertible, but may become convertible into shares of the Company's common stock under certain circumstances. In such event, the Series B Preferred Stock would be convertible into an aggregate of approximately 3,358,000 shares of the common stock at a conversion rate of $3.99 per share. The Series B Preferred Stock is redeemable at the option of the Company. As of December 31, 2000 and 1999 the Company had accrued but unpaid dividends on the Series B Preferred Stock of $6,030 and $4,824, respectively. For all periods in which the Series B Preferred Stock accrued dividends the Company had an accumulated deficit. Accordingly, and in compliance with Georgia laws, dividends on the Series B Preferred Stock were accrued out of additional paid in capital.

Effective December 29, 2000, the Company issued 25,000 shares of Series C Preferred Stock ("Series C Preferred Stock"), having a stated value of $100 per share. Annual dividends are $9.00 per share and are cumulative. The Series C Preferred Stock is not currently convertible but may become convertible into shares of the Company's common stock under certain circumstances. In such event, the Series C Preferred Stock would be convertible into an aggregate of approximately 627,000 shares of the common stock at a conversion price of $3.99 per share. The Series C Preferred Stock is redeemable at the option of the Company. The Company received $1,750 from the sale of the Series C Preferred Stock in December 2000 and had a receivable for the remaining $750 as of December 31, 2000, which was received in January 2001.

NOTE 11. EARNINGS PER COMMON SHARE

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

	FOR THE YEAR ENDED DECEMBER 31, 2000		
	INCOME	SHARES	PER SHARE AMOUNT
BASIC EARNINGS PER COMMON SHARE			
NET INCOME BEFORE PREFERRED STOCK DIVIDENDS	$ 3,632	21,044	
LESS PREFERRED DIVIDENDS	(1,206)	--	
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	2,426		$ .12
DILUTED EARNINGS PER COMMON SHARE			
EFFECT OF DILUTIVE STOCK OPTIONS	--	6	
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS PLUS ASSUMED CONVERSIONS	$ 2,426	21,050	$ .12

	For the Year Ended December 31, 1999		
	Income	Shares	Per Share Amount
Basic Earnings Per Common Share			
Net income before preferred stock dividends	$ 10,910	20,030	
Less preferred dividends	(1,206)	--	
Net income available to common shareholders	9,704	20,030	$ .48
Diluted Earnings Per Common Share			
Effect of dilutive stock options	--	122	
Effect of Series B Preferred Stock	1,206	3,358	
Net income available to common shareholders plus assumed conversions	$ 10,910	23,510	$ .46

	For the Year Ended December 31, 1998		
	Income	Shares	Per Share Amount
Basic Earnings Per Common Share			
Net income before preferred stock dividends	$ 8,558	18,803	
Less preferred dividends	(1,521)	--	
Net income available to common shareholders	7,037	18,803	$ .37
Diluted Earnings Per Common Share			
Effect of dilutive stock options	--	271	
Effect of Series B Preferred Stock	1,206	3,358	
Net income available to common shareholders plus assumed conversions	$ 8,243	22,432	$ .37

Outstanding stock options of 804,000 and 748,000 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 A Preferred Stock was excluded from the above earnings per common share calculations for 1998 since its impact was antidilutive. The assumed conversion of the Series B and Series C Preferred Stock was excluded from the earnings per common share calculation for 2000 since its impact was antidilutive.

NOTE 12. STATUTORY REPORTING

The assets, liabilities and results of operations 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 SAP and GAAP are that under SAP: (i) certain assets that are non-admitted assets are eliminated from the balance sheet; (ii) acquisition costs for policies are expensed as incurred, while they are deferred and amortized over the estimated life of the policies under GAAP; (iii) no provision is made for deferred income taxes; (iv) the timing of establishing certain reserves is different than under GAAP; and (v) valuation allowances are established against investments.

The amount of statutory net income and surplus (shareholders' equity) for the insurance subsidiaries for the years ended December 31 were as follows:

	2000	1999	1998
Life and Health, net income	$ 2,515	$ 2,866	$ 1,477
Property and Casualty, net income	2,420	3,909	7,098
Statutory net income	$ 4,935	$ 6,775	$ 8,575
Life and Health, surplus	$ 23,726	$ 26,462	$ 25,998
Property and Casualty, surplus	58,206	62,145*	49,492
Total surplus	$ 81,932	$ 88,607	$ 75,490

*Includes $16,018 attributable to ACIC, which was acquired in 1999.

Under the insurance code of the state of jurisdiction under which each insurance subsidiary operates, dividend payments to the Company by its insurance subsidiaries are subject to certain limitations without the prior approval of the Insurance Commissioner. The Company received dividends of $6,082 and $5,406 in 2000 and 1999, respectively, from its insurance subsidiaries. In 2001, dividend payments by the insurance subsidiaries in excess of $8,876 would require prior approval.

In 1999, the NAIC completed a process to codify statutory accounting practices for certain insurance enterprises ("Codification"). Codification may result in changes to the accounting practices that the Company uses to prepare its statutory-basis financial statements. It is expected that the most significant of these changes will be the recognition of deferred taxes and, as such, the impact of Codification could be material to the Company's surplus and net income on a statutory-basis. Management continues to evaluate the impact of Codification on its statutory-basis financial statements. Codification will not, however, impact the Company's financial statements prepared in accordance with generally accepted accounting principles.

NOTE 13. RELATED PARTY AND OTHER TRANSACTIONS

In the normal course of business and, in management's opinion, at terms comparable to those available from unrelated parties, the Company has engaged in transactions with its Chairman and his affiliates from time to time. These transactions include leasing of office space, investing and financing. A brief description of each of these is discussed below.

The Company leases approximately 65,489 square feet of office and covered garage space from an affiliated company. In the years ended December 31, 2000, 1999, and 1998, the Company paid $904, $898 and $895, respectively, under the leases.

Financing for the Company has been provided through affiliates of the Company or its Chairman, in the form of the Series B Preferred Stock. Effective December 29, 2000, the Company has also issued 25,000 shares of Series C Preferred Stock to the Company's Chairman and certain of his affiliates for a purchase price of $2,500. (See note 10).

The Company has made mortgage loans to finance properties owned by its former subsidiary, Leath Furniture, LLC ("Leath"), which is now owned by an affiliate of the Chairman. At December 31, 2000 and 1999, the balance of mortgage loans owed by Leath to various of the Company's insurance subsidiaries was $3,538 and $3,645, respectively. For 2000, 1999, and 1998, interest on the mortgage loans totaled $333, $352, and $373, respectively.

Certain members of management are on the Board of Directors of Bull Run Corporation ("Bull Run") and Gray Communications Systems, Inc. ("Gray"). At December 31, 2000 and 1999, the Company owned 650,000 and 620,000 common shares of Bull Run, respectively, and 354,060 shares of Gray Series A Common Stock and 6,000 shares of Gray Series B Common Stock. The Company also held $4,000 and $1,500 in Gray 10.625% debentures at December 31, 2000 and 1999, respectively.

In 1998, Georgia Casualty began assuming workers' compensation premiums from Delta Fire & Casualty Insurance Company which is controlled by certain affiliates of the Company. Premiums assumed and commissions paid in 2000 were $2,238 and $288, respectively, and in 1999 were $1,691 and $232, respectively.

NOTE 14. SEGMENT INFORMATION

The Company's primary insurance subsidiaries operate with relative autonomy and each company is evaluated based on its individual performance. American Southern, Association Casualty, and Georgia Casualty operate in the Property and Casualty insurance market, while Bankers Fidelity operates in the Life and Health insurance market. All segments derive revenue from the collection of premiums, as well as from investment income. Substantially all revenue other than those in the corporate and other segment are from external sources. One account at American Southern, with the State of South Carolina, accounted for approximately $17,198, $15,064, and $14,403 of total revenue in 2000, 1999 and 1998, respectively.

	AMERICAN SOUTHERN	GEORGIA CASUALTY	BANKERS FIDELITY	ASSOCIATION CASUALTY	CORPORATE & OTHER	ADJUSTMENTS & ELIMINATIONS	CONSOLIDATED
AS OF DECEMBER 31, 2000							
INSURANCE PREMIUMS	$ 37,172	$ 28,576	$ 47,639	$ 20,110	$ --	$ --	$ 133,497
INVESTMENT INCOME, INCLUDING NET REALIZED GAINS	5,235	3,445	5,948	2,626	1,103	(883)	17,474
OTHER INCOME	80	27	--	554	5,774	(5,148)	1,287
TOTAL REVENUE	42,487	32,048	53,587	23,290	6,877	(6,031)	152,258
INSURANCE BENEFITS AND LOSSES INCURRED	26,185	22,192	33,452	15,799	--	--	97,628
EXPENSES DEFERRED	(5,242)	(5,918)	(3,544)	(4,100)	--	--	(18,804)
AMORTIZATION EXPENSE	5,224	5,699	2,177	4,308	140	--	17,548
OTHER EXPENSES	10,190	11,159	17,131	7,027	11,654	(6,031)	51,130
TOTAL EXPENSES	36,357	33,132	49,216	23,034	11,794	(6,031)	147,502
INCOME (LOSS) BEFORE INCOME TAXES	$ 6,130	$ (1,084)	$ 4,371	$ 256	$ (4,917)	$ --	$ 4,756
TOTAL ASSETS	$ 109,592	$ 77,237	$ 103,066	$ 80,918	$ 137,334	$(132,370)	$ 375,777

	AMERICAN SOUTHERN	GEORGIA CASUALTY	BANKERS FIDELITY	ASSOCIATION CASUALTY	CORPORATE & OTHER	ADJUSTMENTS & ELIMINATIONS	CONSOLIDATED
As of December 31, 1999							
Insurance premiums	$ 38,166	$ 19,403	$ 41,527	$ 8,498	$ --	$ --	$ 107,594
Investment income, including net realized gains	4,587	3,759	5,984	981	656	(412)	15,555
Other income	173	52	--	365	5,573	(4,991)	1,172
Total revenue	42,926	23,214	47,511	9,844	6,229	(5,403)	124,321
Insurance benefits and losses incurred	26,934	16,535	28,313	6,380	--	--	78,162
Expenses deferred	(5,091)	(4,026)	(3,437)	(1,449)	--	--	(14,003)
Amortization expense	5,429	3,893	2,068	1,852	140	--	13,382
Other expenses	9,318	8,083	16,585	2,760	11,515	(5,403)	42,858
Total expenses	36,590	24,485	43,529	9,543	11,655	(5,403)	120,399
Income (loss) before income taxes	$ 6,336	$ (1,271)	$ 3,982	$ 301	$ (5,426)	$ --	$ 3,922
Total assets	$ 99,421	$ 70,207	$ 100,702	$ 73,912	$ 137,828	$(130,926)	$ 351,144

	AMERICAN SOUTHERN	GEORGIA CASUALTY	BANKERS FIDELITY	CORPORATE & OTHER	ADJUSTMENTS & ELIMINATIONS	CONSOLIDATED
As of December 31, 1998						
Insurance premiums	$ 35,002	$ 21,813	$ 34,477	$ --	$ --	$ 91,292
Investment income, Including net realized gains	4,503	3,113	5,572	1,158	62	14,408
Other income	243	44	--	4,230	(4,151)	366
Total revenue	39,748	24,970	40,049	5,388	(4,089)	106,066
Insurance benefits and losses incurred	23,135	16,216	21,494	--	--	60,845
Expenses deferred	(4,378)	(3,945)	(2,764)	--	--	(11,087)
Amortization expense	5,303	4,142	2,518	--	--	11,963
Other expenses	9,006	7,062	15,251	8,412	(4,089)	35,642
Total expenses	33,066	23,475	36,499	8,412	(4,089)	97,363

Income (loss) before income taxes	$ 6,682	$ 1,495	$ 3,550	$ (3,024)	$ --	$ 8,703
Total assets	$ 101,522	$ 65,147	$ 102,637	$114,412	$(110,587)	$ 273,131

NOTE 15. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is necessary to interpret market data and to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts which the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

	2000		1999	
	CARRYING AMOUNT	ESTIMATED FAIR VALUE	Carrying Amount	Estimated Fair Value
Assets:				
Cash and cash equivalents, including short-term investments	$ 31,914	$ 31,914	$ 34,306	$ 34,306
Bonds	159,404	159,404	137,000	137,000
Common and preferred stocks	43,945	43,945	48,684	48,684
Mortgage loans	3,538	4,040	3,645	4,237
Policy and student loans	3,098	3,098	3,749	3,749
Other invested assets	5,862	5,862	5,717	5,717
Liabilities:				
Debt	46,500	46,500	51,000	51,000

The fair value estimates as of December 31, 2000 and 1999 are based on pertinent information available to management as of the respective dates. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from amounts that might ultimately be realized.

The following describes the methods and assumptions used by the Company in estimating fair values:

CASH AND CASH EQUIVALENTS, INCLUDING SHORT-TERM INVESTMENTS

The carrying amount approximates fair value due to the short-term nature of the instruments.

BONDS, COMMON AND PREFERRED STOCKS AND PUBLICLY TRADED OTHER INVESTED ASSETS

The carrying amount is determined in accordance with methods prescribed by the NAIC, which do not differ materially from nationally quoted market prices. The fair value of certain municipal bonds is assumed to be equal to amortized cost where market quotations do not exist.

NON-PUBLICLY TRADED INVESTED ASSETS

The carrying amount approximates fair value.

MORTGAGE LOANS

The fair values are estimated based on quoted market prices for those or similar investments.

DEBT PAYABLE

The fair value is estimated based on the quoted market prices for the same or similar issues or on the current rates offered for debt having the same or similar returns and remaining maturities.

NOTE 16. RECONCILIATION OF OTHER COMPREHENSIVE INCOME

The Company's comprehensive income consists of net income and unrealized gains and losses on securities available for sale, net of applicable income taxes.

Other than net income, the other components of comprehensive income (loss) for the years ended December 31, 2000, 1999 and 1998 are as follows:

	DECEMBER 31,		
	2000	1999	1998
Gain on the sale of securities included in net income	$ 1,922	$ 2,831	$ 2,909
Other comprehensive income (loss):			
Net pre-tax unrealized gain (loss) arising during year	$ 359	$(13,900)	$ 2,197
Reclassification adjustment	(1,922)	(2,831)	(2,909)
Net pre-tax unrealized loss recognized in other comprehensive income (loss)	(1,563)	(16,731)	(712)
Deferred income tax benefit (expense) attributable to other comprehensive income (loss)	547	(4,219)	--
Net unrealized loss recognized in other comprehensive income (loss)	$(1,016)	$(20,950)	$ (712)

NOTE 17. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth a summary of the quarterly unaudited results of operations for the two years ended December 31, 2000 and 1999:

	2000				1999			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	First Quarter	Second(1) Quarter	Third Quarter	Fourth Quarter
Revenue	$ 36,891	$ 36,845	$38,658	$ 39,864	$ 27,337	$ 27,979	$ 33,476	$35,529
Income (loss):								
Income (loss) before income tax (provision) benefit	$ 1,726	$ 1,075	$ 1,447	$ 508	$ 1,480	$ 668	$ (638)	$ 2,412
Income tax (provision) benefit	(574)	(364)	48	(234)	(27)	(17)	(49)	7,081
Net income (loss)	$ 1,152	$ 711	$ 1,495	$ 274	$ 1,453	$ 651	$ (687)	$ 9,493
Per common share data:								
Basic net income (loss) per share	$ .04	$ .02	$ .06	$ .00	$ .06	$ .02	$ (.05)	$ .44
Diluted net income (loss) per share	$ .04	$ .02	$ .06	$ .00	$ .06	$ .02	$ (.05)	$ .39

(1) Association Casualty was acquired on July 1, 1999 and is included in consolidated results of operations from that date.

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

The following is management's discussion and analysis of the financial condition and results of operations of Atlantic American Corporation ("Atlantic American" or the "Company") and its subsidiaries for each of the three years in the periods ended December 31, 2000, 1999 and 1998. This discussion should be read in conjunction with the consolidated financial statements and notes thereto.

Atlantic American is an insurance holding company whose operations are conducted through a group of regional insurance companies: American Southern Insurance Company and American Safety Insurance Company (together known as "American Southern"); Association Casualty Insurance Company and Association Risk Management General Agency, Inc. (together known as "Association Casualty"); Georgia Casualty & Surety Company ("Georgia Casualty"); and Bankers Fidelity Life Insurance Company ("Bankers Fidelity"). Each operating company is managed separately based upon the geographic location or the type of products it underwrites.

OVERALL CORPORATE RESULTS
(Dollars in thousands)

REVENUES

	2000	1999	1998
Property and Casualty:			
American Southern	$ 42,487	$ 42,926	$ 39,748
Association Casualty	23,290	9,844	--
Georgia Casualty	32,048	23,214	24,970
Total property and casualty	97,825	75,984	64,718
Life and Health:			
Bankers Fidelity	53,587	47,511	40,049
Corporate and Other	846	826	1,299
Total Revenues	$ 152,258	$ 124,321	$ 106,066

INCOME BEFORE TAXES

	2000	1999	1998
Property and Casualty:			
American Southern	$ 6,130	$ 6,336	$ 6,682
Association Casualty	256	301	--
Georgia Casualty	(1,084)	(1,271)	1,495
Total property and casualty	5,302	5,366	8,177
Life and Health:			
Bankers Fidelity	4,371	3,982	3,550
Corporate and Other	(4,917)	(5,426)	(3,024)
Total income before taxes	$ 4,756	$ 3,922	$ 8,703

On a consolidated basis the Company's net income for 2000 was $3.6 million ($.12 per diluted share) compared to net income of $10.9 million ($.46 per diluted share) in 1999 and net income of $8.6 million ($.37 per diluted share) in 1998. In 1999, net income was favorably impacted by a $7.0 million deferred tax benefit related primarily to a reduction in the Company's valuation allowance that had previously been established against its net deferred tax asset. Pre-tax income increased to $4.8 million in 2000 from $3.9 million in 1999. Premium revenue for the year increased 24.1% or $25.9 million, with the acquisition of Association Casualty accounting for $11.6 million and the remaining increase of $14.3 million resulting from significant growth in the Company's insurance subsidiaries. All of the Company's operating units reported profitable results except for Georgia Casualty, which, however, has made significant improvements in its operations and, consequently, produced better underwriting results.

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

UNDERWRITING RESULTS

AMERICAN SOUTHERN

The following table summarizes American Southern's premiums and underwriting ratios (dollars in thousands):

	2000	1999	1998
Gross written premiums	$ 47,643	$ 44,070	$ 39,084
Ceded premiums	(4,603)	(5,540)	(5,215)
Net written premiums	$ 43,040	$ 38,530	$ 33,869
Net earned premiums	$ 37,172	$ 38,166	$ 35,002
Net losses and loss adjustment expenses	26,185	26,934	23,135
Underwriting expenses	10,172	9,656	9,931
Underwriting income	$ 815	$ 1,576	$ 1,936
Loss ratio	70.4%	70.6%	66.1%
Expense ratio	27.4%	25.3%	28.4%
Combined ratio	97.8%	95.9%	94.5%

Gross written premiums at American Southern increased $3.6 million during 2000 principally as a result of business produced by American Auto Club Insurance Agency ("the Agency"), a joint venture between American Southern and the AAA of the Carolinas Motor Club. American Southern holds a 50% interest in the joint venture and underwrites the majority of the standard automobile business written by the Agency. This program, which began writing business in 1999, had gross written premiums of approximately $7.2 million for the year, an increase of 43.6% or $2.2 million from prior year. The decline in ceded premiums in 2000 of $0.9 million is primarily due to a specific reinsurance agreement put into place by American Southern. The reinsurance agreement provides for additional penalty premium based on losses. In 1999, the company collected $0.8 million in penalty premiums and remitted them to the reinsurer. During 2000, there were no penalty premiums collected causing the decrease in ceded premiums as compared to 1999. Effective July 1, 1998 the reinsurance agreement was canceled but provided, however, that any occurrences prior to this date shall continue to be covered by the reinsurance agreement and more penalty premium could be collected if losses develop.

In addition to the business written through the joint venture, 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 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 of the Company.

During 2000, American Southern renewed one of its larger accounts. Although this contract was renewed through a competitive bidding process, one of the parties bidding for this particular contract contested the award of this business to American Southern and filed a claim to obtain the nullification of the contract. During the fourth quarter of 2000, American Southern received an unfavorable judgment and has appealed the ruling. The contract is to remain in effect pending appeal. American Southern is vigorously defending the case and has recognized, as written premium, the remaining premium balance on this contract. While management believes that the

effect of an adverse outcome on this case would not materially affect the current financial position of the Company, it may have a material impact on the future results of its operations. This contract, when renewed, was done so at a lower rate than the previous year resulting in a slight decrease in net earned premium of 2.6% in 2000. While American Southern renewed this contract at a lower rate, it is management's opinion that this contract will remain profitable.

The following table presents a break out of American Southern's earned premiums by line of business (dollars in thousands):

	2000	1999	1998
Automobile liability	$22,795	$24,573	$23,396
Automobile physical damage	7,397	6,112	4,288
General liability	3,536	4,302	4,291
Property	3,383	3,118	2,970
Surety	61	61	57
Total earned premium	$37,172	$38,166	$35,002

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

The combined ratio for American Southern for 2000 was 97.8% up slightly from the 1999 combined ratio of 95.9%. The loss ratio decreased slightly to 70.4% in 2000 from 70.6% in 1999. The decrease in the loss ratio is a result of lower than anticipated losses on the personal auto line of business. The expense ratio for 2000 is up to 27.4% from 25.3% in 1999. This increase in the expense ratio is a direct result of American Southern's business structure. The majority of American Southern's business is structured in such a way that the agents are rewarded or penalized based upon the loss ratio of the business they submit to the company. By structuring its business in this manner, American Southern provides its agents with an economic incentive to place profitable business with the company. As a result of this arrangement, in periods where losses and the loss ratio decrease, commission and underwriting expenses increase.

ASSOCIATION CASUALTY

The following table summarizes Association Casualty's premiums and losses (dollars in thousands):

	2000	(1) 1999
Gross written premiums	$ 24,967	$ 9,299
Ceded premiums	(2,314)	(775)
Net written premiums	$ 22,653	$ 8,524
Net earned premiums	$ 20,110	$ 8,498
Net losses and loss adjustment expenses	15,799	6,380
Underwriting expenses	* 6,410	* 2,751
Underwriting loss	$ (2,099)	$ (633)
Loss ratio	78.5%	75.1%
Expense ratio	* 31.9%	* 32.4%
Combined ratio	110.4%	107.5%

(1) Includes results for the period July 1, 1999 through December 31, 1999.

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

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. As a result of these efforts, the company has been able to increase gross written premiums. The company also added approximately $0.7 million of premium related to commercial lines other than workers' compensation such as general liability, property, and other commercial coverages to complement its existing book of business.

The combined ratio for Association Casualty during 2000 of 110.4% was higher than is desired by management. This is primarily attributable to increased losses. The higher than expected losses in 2000 are largely due to negative development stemming from second and third surgeries on previously closed claims as well as a continuing rise in medical costs. It is anticipated that the rate increases will ultimately mitigate these increases.

Expenses as a percentage of earned premium declined slightly primarily as a result of the increase in earned premium and only a moderate increase in fixed expenses.

GEORGIA CASUALTY

The following table summarizes Georgia Casualty's premiums and losses (dollars in thousands):

	2000	1999	1998
Gross written premiums	$ 35,031	$ 26,798	$ 24,468
Ceded premiums	(3,925)	(5,928)	(3,203)
Net written premiums	$ 31,106	$ 20,870	$ 21,265
Net earned premiums	$ 28,576	$ 19,403	$ 21,813
Net losses and loss adjustment expenses	22,192	16,535	16,216
Underwriting expenses	10,940	7,950	7,259
Underwriting loss	$ (4,556)	$ (5,082)	$ (1,662)
Loss ratio	77.7%	85.2%	74.3%
Expense ratio	38.3%	41.0%	33.3%
Combined ratio	116.0%	126.2%	107.6%

Gross written premiums at Georgia Casualty increased 30.7% or $8.2 million in 2000. The increase in premium is the result of several factors. First, during 2000 the company began evaluating and underwriting insurance for large associations and other homogenous risks. In addition, the company has been aggressively increasing rates on its new and renewal business. Lastly, the new management team at Georgia Casualty, through its relationships in the insurance industry, has broadened the agency force used by the company. The decline in ceded premiums is the result of the discontinuation of the stop-loss reinsurance agreement that the company had put into place in 1999. Due to the improved results seen by Georgia Casualty, the protection offered by the stop-loss agreement was, in the opinion of management, no longer necessary.

Gross written premiums increased $2.3 million in 1999 compared to 1998. The business relationships brought in by the new management team is the primary cause of the growth in premium for 1999. The increase in ceded premium during 1999 compared to 1998 is due to the aforementioned stop-loss reinsurance agreement.

The following table presents a break out of Georgia Casualty's earned premiums by line of business (dollars in thousands):

	2000	1999	1998
Workers' compensation	$16,741	$13,157	$14,344
Business automobile	4,918	2,876	3,750
General liability	2,531	1,251	1,619
Property	4,386	2,119	2,100
Total earned premium	$28,576	$19,403	$21,813

The combined ratio for Georgia Casualty for 2000 decreased to 116.0% from 126.2% in 1999. The loss ratio declined to 77.7% in 2000 from 85.2% in 1999. 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 during 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).

During 2000, in an effort to strengthen loss reserves and reposition the company, a comprehensive review of all loss reserves and open claims was performed. Consequently, reserves were increased to levels deemed more appropriate by management. These initiatives resulted in a loss ratio that is higher than is desired by management but which is needed to support the significant growth Georgia Casualty is experiencing and better position the company to capitalize on market opportunities.

The expense ratio decreased from 41.0% in 1999 to 38.3% in 2000. The decline in the expense ratio is primarily attributable to the increase in earned premiums associated with the new growth and only a moderate increase in fixed expenses.

BANKERS FIDELITY

The following summarizes Bankers Fidelity's premiums and operating results (dollars in thousands):

	Premiums		
	2000	1999	1998
Medicare supplement	$31,295	$25,822	$19,743
Other health products	2,899	3,206	2,986
Life insurance	13,445	12,499	11,748
Total premiums	$47,639	$41,527	$34,477

	Operating Expenses		
	2000	1999	1998
Insurance benefits and losses	$33,452	$28,313	$21,494
Commissions and underwriting expenses	15,764	15,216	15,005
Total expenses	$49,216	$43,529	$36,499

Premium revenue at Bankers Fidelity increased 14.7% or $6.1 million over 1999 results. The largest increase is in the Medicare Supplement line of business, which is up 21.2% for the year. During 1999, Bankers Fidelity had expanded its Medicare Supplement product into additional states and, as a result, increased the sales of this product over the course of the year. The effects of this expansion are now being realized. In addition, several of Bankers Fidelity's competitors have exited this line of business which has increased the flow of business to Bankers Fidelity. Also, during the fourth quarter of 1999 and the 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 beginning to impact renewal business, it is reflected in the new business written by the company. In spite of these increases, the renewal rate retention on this product was in excess of 86% for the year. Bankers Fidelity is also continuing to see increased sales in its life products, up 7.6% as compared to 1999. The company is continuing to emphasize this product line in its marketing efforts. The increase in premium volume from 1998 to 1999 is attributable to the same reasons outlined in the aforementioned paragraph.

Insurance benefits and losses at Bankers Fidelity increased 18.2% or $5.1 million during 2000. This increase is directly attributable to the increase in premium volume. As a percentage of earned premium, benefits and losses were 70.2% for the year compared to 68.2% in 1999. The increase is primarily due to increased medical costs. It is anticipated that the rate increases that Bankers Fidelity has put in place will ultimately mitigate the increases in medical costs.

As a result of an effort to reduce commission costs as well as streamline expenses, commissions and other expenses increased only slightly to $15.8 million from $15.2 million in 1999. As a percentage of earned premium, these expenses were 33.1% for the year compared to 36.6% in 1999.

INVESTMENT INCOME AND REALIZED GAINS

Investment income for the year of $15.6 million represents an increase of 22.2% or $2.8 million over 1999 results. The inclusion of Association Casualty is responsible for $1.5 million of this increase in 2000. 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 $0.6 million during 2000. The remaining increase is the result of the Company shifting securities from short-term to longer-term securities to take advantage of the steepening yield curve in the first half of 2000. Investment income increased 10.7% or $1.2 million in 1999 from 1998. The addition of Association Casualty added over $30.0 million to the investment portfolio of Atlantic American in 1999 and accounted for $1.1 million of the increase in investment income from 1998 to 1999. Management has continued to focus on investing in short and medium maturity bonds of high quality, in addition to government-backed securities. The common and preferred stock portfolio of Atlantic American decreased $4.7 million during 2000 due to declines in the trading prices of several of its investments. During the fourth quarter of 2000, interest rates began to decline. As a result of falling interest rates on the Company's

bond portfolio, the declines in the equity investments were partially offset by the increases in the bond portfolio. Consequently, unrealized investment gains decreased slightly from $12.1 million at December 31, 1999 to $10.5 million at December 31, 2000.

Realized investment gains decreased to $1.9 million in 2000 from $2.8 million in 1999. Management is continually evaluating the Company's investment portfolio and will periodically divest appreciated investments as deemed appropriate.

INTEREST EXPENSE

Interest expense increased from $2.8 million in 1999 to $4.4 million in 2000. In conjunction with the acquisition of Association Casualty, the Company entered into a $30.0 million revolving credit facility with Wachovia Bank, N.A. In 1999, the Company had drawn down $26.0 million on this facility. This facility, coupled with the $25.0 million variable rate demand bonds issued during the second quarter of 1999, brought the total debt of the Company to $51.0 million as of December 31, 1999, up from $26.0 million at the end of 1998. During 2000, the Company paid down $4.5 million of the credit facility reducing the debt to $46.5 million at December 31, 2000 compared to $51.0 million as of December 31, 1999. The increased debt associated with the acquisition of Association Casualty along with rising interest rates accounted for the increase in interest expense.

OTHER EXPENSES

The increase in other operating expenses (commissions, underwriting expenses, and other expenses) is primarily attributable to the acquisition of Association Casualty which accounts for $4.1 million of the $6.0 million increase. The remaining increase of $1.9 million is the result of increased costs associated with the staffing needs for Georgia Casualty to support the premium growth in addition to an increase in state assessments, specifically the second injury trust fund assessment. These increased costs were partially offset by a reduction in the bad debt reserve due to improvements as to the collectiblity of certain receivables from agents with whom the company conducts business. In 1999, other operating expenses increased $5.0 million. The acquisition of Association Casualty accounted for $3.2 million of this increase. The remaining increase of $1.8 million was due primarily to an initiative taken by the Company in 1999 to streamline its operations in addition to an overall increase in general operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

The major cash needs of the Company are for the payment of claims and operating expenses, maintaining adequate statutory capital and surplus levels, and meeting debt service requirements. The Company's primary sources of cash are written premiums, investment income and the sale and maturity of invested assets. In addition, the Company has additional borrowing capacity under its revolving credit facility. The Company believes that, within each subsidiary, total invested assets will be sufficient to satisfy all policy liabilities. Cash flows at the parent company are derived from dividends, management fees, and tax sharing payments from the subsidiaries. The cash needs of the parent company are for the payment of operating expenses, the acquisition of capital assets and debt service requirements.

Dividend payments to the Company by its insurance subsidiaries are subject to annual limitations and are restricted to the greater of 10% of statutory surplus or statutory earnings before recognizing realized investment gains of the individual insurance subsidiaries. At December 31, 2000 the Company's insurance subsidiaries had statutory surplus of $81.9 million.

The Company provides certain administrative, purchasing and other services for each of its subsidiaries. The amount charged to and paid by the subsidiaries was $7.6 million, $6.7 million, and $6.5 million in 2000, 1999, and 1998, respectively. In addition, the Company has a formal tax-sharing agreement with each of its insurance subsidiaries. A net total of $1.0 million, $2.0 million and $1.9 million was paid to the Company under the tax sharing agreement in 2000, 1999, and 1998, respectively. Dividends were paid to Atlantic American by one of its subsidiaries totaling $3.6 million in 2000, 1999, and 1998. As a result of the Company's tax loss carryforwards, which totaled approximately $31.6 million at December 31, 2000, it is anticipated that the tax sharing agreement will provide the Company with additional funds with which to meet its cash flow obligations.

The Company is a party to a five-year revolving credit facility ("the Revolving Credit Facility") that provides for borrowings up to $30.0 million. The interest rate on the borrowings under this facility may be fixed, at the Company's option, for a period of one, three, six or twelve months and is based upon the London Interbank Offered Rate ("LIBOR") plus an applicable margin, 2.50% at December 31, 2000. The margin varies based upon the Company's leverage ratio (debt to total capitalization, as defined) and ranges from 1.75% to 3.75%. Interest on the Revolving Credit Facility is currently payable monthly. The Revolving 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, except as provided below. The interest rate on this facility at December 31, 2000 and 1999 was 9.12% and 8.49%, respectively.

The Company also has outstanding $25.0 million of Series 1999, Variable Rate Demand Bonds (the "Bonds") due July 1, 2009 issued through a private placement. 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 letter of credit issued by Wachovia Bank, N.A., which is automatically renewable on a monthly basis until thirteen months after such time as Wachovia gives the Company notice of its option not to renew the letter of credit. The Bonds are subject to mandatory redemption upon termination of the letter of credit, if an alternative letter of credit facility is not secured. The Company expects that it would be able to replace the letter of credit facility within the prescribed period if Wachovia should give notice of its intention not to renew the existing facility. The cost of the letter of credit and its associated fees are 2.50% making the effective rate on the Bonds, LIBOR plus 2.50% at December 31, 2000. The interest on the Bonds is payable monthly and the letter of credit fees are payable quarterly. The interest rate on the Bonds, along with the related fees, at December 31, 2000 and 1999 was 9.15% and 8.29%, respectively. The Bonds do not require the repayment of any principal prior to maturity, except as provided above.

The Company is required, under both instruments, to maintain certain covenants including, among others, ratios that relate funded debt to total capitalization, funded debt to earnings before interest, taxes, depreciation and amortization ("EBITDA"), and interest coverage to interest. The Company must also comply with limitations on capital expenditures and additional debt obligations.

Effective December 30, 2000, the Revolving Credit Facility and letter of credit were both amended by Wachovia Bank, N.A. The amendment establishes new covenants pertaining to ratios related to funded debt, total capitalization, interest coverage, EBITDA, and authorized control level risk-based capital. In addition, the Company is required to enter into and maintain at all times thereafter, interest rate protection agreements with respect to at least 30 percent of the aggregate principal amount of the total debt. On March 21, 2001, the Company entered into an interest rate swap agreement with Wachovia Bank, N.A. to hedge its interest rate risk on a portion of the outstanding borrowings under the Revolving Credit Facility. Also, beginning March 31, 2003 and each quarter thereafter, the commitment on the Revolving Credit Facility shall be permanently reduced in an amount equal to $1.0 million. Each such reduction shall be accompanied by a prepayment of the loans to the extent that the loans exceed the amount of the commitment after giving affect to each quarterly reduction. At December 31, 2000 the Company was in compliance with all debt covenants, as revised on December 30, 2000.

The Company intends to repay its obligations under both facilities using dividend and tax sharing payments from its subsidiaries. In addition, the Company believes that, if necessary, at maturity, the Revolving Credit Facility can be refinanced with the current lender and that an additional series of bonds could be issued when the Bonds mature.

The Company also has outstanding $15.9 million of preferred stock issued to affiliates. The preferred stock accrues a dividend of 9.0% per year and at December 31, 2000 the Company had accrued but unpaid dividends on the preferred stock totaling $6.0 million.

Net cash provided by operating activities totaled $16.7 million in 2000, $5.4 million in 1999 and $5.5 million in 1998. Cash and short-term investments at December 31, 2000 were $31.9 million and are believed to be more than sufficient to meet the Company's near-term needs.

The Company believes that the cash flows it receives from its subsidiaries and, if needed, additional 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.

In 1999, the National Association of Insurance Commissioners ("NAIC") completed a process to codify statutory accounting practice for certain insurance enterprises ("Codification"). Codification may result in changes to the accounting practices that the Company uses to prepare its statutory-basis financial statements. It is expected that the most significant of these changes will be the recognition of deferred taxes and, as such, the impact of Codification could be material to the Company's surplus and net income on a statutory-basis. Management continues to evaluate the impact of Codification on its statutory-basis financial statements. Codification will not, however, impact the Company's financial statements prepared in accordance with generally accepted accounting principles.

NEW ACCOUNTING PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 provides guidance on the recognition, presentation and disclosure of revenues in financial statements and requires adoption no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. The Company

adopted SAB 101 in the fourth quarter of 2000. The adoption did not have any impact on the Company's results of operations or financial position.

In June 1998, the Financial Accounting Standards board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 requires the recognition of the fair value of all derivative instruments on the balance sheet and establishes specific accounting methods for hedges. In June 1999, the FASB issued SFAS 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Election Date of FASB Statement 133" ("SFAS 137"). Subsequent to the issuance of SFAS 133, as amended by SFAS 137, the FASB received many requests to clarify certain issues causing difficulties in implementation. In June 2000, the FASB issued SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," ("SFAS 138"), which responds to these requests by amending certain provisions of SFAS 133. The Company will adopt SFAS 133 and the corresponding amendments under SFAS 138 on January 1, 2001. Management has determined that the impact of initially adopting SFAS 133, as amended by SFAS 137 and SFAS 138 will not have a material effect on the Company's financial condition or results of operations.

IMPACT OF INFLATION

Insurance premiums are established before the amount of losses and loss adjustment expenses, or the extent to which inflation may affect such losses and expenses, are known. Consequently, the Company attempts, in establishing its premiums, to anticipate the potential impact of inflation. If, for competitive reasons premiums cannot be increased to anticipate inflation, this cost would be absorbed by the Company. Inflation also affects the rate of investment return on the Company's investment portfolio with a corresponding effect on investment income.

INTEREST RATE AND MARKET RISK

Due to the nature of the Company's business it is exposed to both interest rate and market risk. Changes in interest rates, which represent the largest risk factor affecting the Company, may result in changes in the fair value of the Company's investments, cash flows and interest income and expense. To mitigate this risk, the Company invests in high quality bonds and avoids investing in securities that are directly linked to loans or mortgages.

The Company is also subject to risk from changes in equity prices. Atlantic American owned $14.2 million of common stock of Wachovia Corporation at December 31, 2000. A 10% decrease in the share price of the common stock of Wachovia Corporation would result in a decrease of approximately $0.9 million to shareholders' equity.

The interest rate on the Company's debt is tied to LIBOR. A 100 point basis increase in the LIBOR would result in an additional $0.5 million in interest expense. On March 21, 2001, the Company entered into an interest rate swap agreement with Wachovia Bank, N.A. to hedge its interest rate risk on a portion of the outstanding borrowings under the revolving credit facility.

The table below summarizes the estimated fair values that might result from changes in interest rates of the Company's bond portfolio:

(Dollars in thousands)	+200bp	+100bp	Fair value	-100bp	-200bp
December 31, 2000	$148,749	$154,357	$159,404	$163,215	$166,020
December 31, 1999	$122,815	$128,677	$137,000	$139,704	$143,704

The Company is also subject to risk from changes in equity prices. The table below summarizes the effect that a change in share price would have on the value of the Company's equity portfolio, including the Company's single largest equity holding.

(Dollars in thousands)	+20%	+10%	Fair Value	-10%	-20%
December 31, 2000					
Investment in Wachovia Corporation	$17,005	$15,588	$14,171	$12,754	$11,337
Other equity holdings	35,729	32,751	29,774	26,797	23,819
Total equity holdings	$52,734	$48,339	$43,945	$39,551	$35,156
December 31, 1999					
Investment in Wachovia Corporation	$22,668	$20,779	$18,890	$17,001	$15,112
Other equity holdings	35,753	32,773	29,794	26,815	23,835
Total equity holdings	$58,421	$53,552	$48,684	$43,816	$38,947

The interest rate on the Company's debt is variable and tied to LIBOR. The table below summarizes the effect that changes in interest rates would have on the Company's interest expense. The impact of the changes in interest rates at December 31, 2000 excludes the impact of the interest rate swap agreement the Company entered into on March 21, 2001, discussed above.

	Interest Expense			Interest Expense	
(Dollars in thousands)	+200bp	+100bp	Debt	-100bp	-200bp
December 31, 2000	$930	$465	$46,500	$(465)	$ (930)
December 31, 1999	$1,020	$510	$51,000	$(510)	$(1,020)

DEFERRED TAXES

At December 31, 2000, the Company had a net deferred tax asset of $3.8 million comprised of a deferred tax asset of $20.8 million, a deferred tax liability of $9.1 million and a valuation allowance of $7.9 million. The valuation allowance was established against deferred tax assets relating to net operating loss carryforwards that might not be realized.

Until the end of 1999, the Company established a full valuation allowance against these deferred income tax benefits as they were not considered realizable from expected future reversals of existing taxable temporary differences. The Company believed that it was more likely than not that the net deferred income tax benefits would not be realized through future taxable income prior to the expiration dates of net operating loss carryforwards. However, with the acquisition of Association Casualty and several years of profitability, the Company believes it is now more likely than not that a portion of its net deferred income tax benefits relating to net operating loss carryforwards scheduled to expire between 2006 and 2010 will be realized based on future taxable income. Management also can and would implement tax-planning strategies to prevent these carryforwards from expiring. As of December 31, 2000, a valuation allowance has been established for deferred income tax benefits relating primarily to net operating loss carryforwards scheduled to expire between 2002 and 2003. Since the Company's ability to generate taxable income from operations and utilize available tax-planning strategies in the near term is dependent upon various factors, many of which are beyond management's control, management believes that it is more likely than not that the deferred income tax benefits relating to these carryforwards will not be realized. However, realization of the remaining deferred income tax benefits will be assessed periodically based on the Company's current and anticipated results of operations and amounts could increase or decrease in the near term if estimates of future taxable income change. The Company has a formal tax-sharing agreement and files a consolidated income tax return with its subsidiaries.

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 ended December 31, 2000, and the other filings made by the Company from time to time with the Securities and Exchange Commission.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO ATLANTIC AMERICAN CORPORATION:

We have audited the accompanying consolidated balance sheets of Atlantic American Corporation (a Georgia corporation) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. 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 audits.

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

In our opinion, the financial statements (pages 9 through 37) referred to above present fairly, in all material respects, the financial position of Atlantic American Corporation and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/

ARTHUR ANDERSEN LLP

Atlanta, Georgia
March 27, 2001

SUBSIDIARIES

PRINCIPAL OFFICERS

BANKERS FIDELITY LIFE INSURANCE COMPANY
EUGENE CHOATE
President

GEORGIA CASUALTY & SURETY COMPANY
BOB J. KITCHEN
President

AMERICAN SOUTHERN INSURANCE COMPANY
AMERICAN SAFETY INSURANCE COMPANY
ROY S. THOMPSON, JR.
Chairman Emeritus

CALVIN L. WALL
Chairman and Chief Executive Officer

SCOTT G. THOMPSON
President and Chief Financial Officer

ASSOCIATION CASUALTY INSURANCE COMPANY
ASSOCIATION RISK MANAGEMENT GENERAL AGENCY
HAROLD K. FISCHER
President

SELF-INSURANCE ADMINISTRATORS, INC.
ANDY M. THOMPSON
President

MARKET INFORMATION (UNAUDITED)

The common stock of the Company is quoted on the Nasdaq National Market under the symbol "AAME." As of December 31, 2000, the Company had approximately 4,980 stockholders, including beneficial owners holding shares in nominee or "street" name. The following tables show for the periods indicated the range of the reported high and low prices of the common stock on the Nasdaq National Market and the closing price of the stock and percent of change at December 31. The Company did not declare or pay cash dividends on its common stock during the year ended December 31, 2000. Since 1988, the Company has retained its earnings to support the growth of its business.

	2000		1999	
	HIGH	LOW	High	Low
First quarter	$ 2 15/16	$ 2 1/4	$ 4 5/8	$ 3 15/16
Second quarter	3 3/8	2 1/2	4 11/16	3 7/8
Third quarter	2 3/4	1 3/4	4 1/8	2 3/8
Fourth quarter	2 1/2	1 3/4	2 15/16	2 1/4

	2000	1999	1998	1997	1996
December 31, closing stock price per share	$2	$2 5/16	$ 4 7/8	$5 1/16	$3 1/16
Stock price percentage of change from prior year	-13.5%	-52.6%	-3.7%	+65.3%	+32.4%

DIRECTORS

J. MACK ROBINSON
Chairman
Atlantic American Corporation

HILTON H. HOWELL, JR.
President and Chief Executive Officer
Atlantic American Corporation

THE HONORABLE EDWARD E. ELSON
Former United States Ambassador
to the Kingdom of Denmark

HAROLD K. FISCHER
President
Association Casualty Insurance Company

SAMUEL E. HUDGINS
Consultant

D. RAYMOND RIDDLE
Retired Chairman and Chief Executive Officer
National Service Industries, Inc.

HARRIETT J. ROBINSON
Director, Delta Life Insurance Company

SCOTT G. THOMPSON
President and Chief Financial Officer
American Southern Insurance Company

MARK C. WEST
Chairman and Chief Executive Officer
Genoa Companies

WILLIAM H. WHALEY, M.D.
William H. Whaley, M.D., P.C., F.A.C.P.

DOM H. WYANT
Retired Partner, Jones, Day, Reavis & Pogue

OFFICERS

J. MACK ROBINSON
Chairman

HILTON H. HOWELL, JR.
President and Chief Executive Officer

ROBERT A. RENAUD
Vice President and Chief Financial Officer

MARC LA PALME
Vice President, Actuarial Services
Property & Casualty Division

CLARK W. BERRYMAN
Vice President, Information Services

MICHAEL J. BRASSER
Vice President, Internal Audit

JANIE L. RYAN
Corporate Secretary

BARBARA B. SNYDER
Vice President and Director, Human Resources

SHAREHOLDER INFORMATION

ANNUAL MEETING

Atlantic American's annual meeting of shareholders will be held on Tuesday, May 15, 2001, at 9:00 a.m. in the Peachtree Insurance Center, 4370 Peachtree Road, N.E., Atlanta, Georgia. Holders of common stock of record at the close of business on March 19, 2001, are entitled to vote at the meeting, and all parties interested in Atlantic American are invited to attend. A notice of meeting, proxy statement and proxy were mailed to shareholders with this annual report.

INDEPENDENT ACCOUNTANTS

Arthur Andersen LLP
Atlanta, Georgia

LEGAL COUNSEL

Jones, Day, Reavis & Pogue
Atlanta, Georgia

STOCK EXCHANGE LISTING

Symbol: AAME
Traded over-the-counter market
Quoted on the Nasdaq National Market System

TRANSFER AGENT AND REGISTRAR

Atlantic American Corporation
Attn: Janie L. Ryan, Corporate Secretary,
P. O. Box 190720
Atlanta, Georgia 31119-0720
(800) 441-5001 or (404) 266-5532

FORM 10-K AND OTHER INFORMATION

For investors and others seeking additional data regarding Atlantic American Corporation or copies of the Corporation's annual report to the Securities and Exchange Commission (Form 10-K), please contact Janie L. Ryan Corporate Secretary, (800) 441-5001 or (404) 266-5532. Please visit our web site at: www.atlam.com.

4370 PEACHTREE ROAD, N.E.
ATLANTA, GEORGIA 30319-3000
TELEPHONE: 404-266-5500
FACSIMILE: 404-266-5702
WWW.ATLAM.COM

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Subsidiaries of the Registrant

Exhibit 21.1

Subsidiary	State of Incorporation
American Safety Insurance Company	Georgia
American Southern Insurance Company	Kansas
Association Casualty Insurance Company	Texas
Association Risk Management General Agency	Texas
Bankers Fidelity Life Insurance Company	Georgia
Georgia Casualty & Surety Company	Georgia
Self-Insurance Administrators, Inc.	Georgia

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated March 27, 2001 included or incorporated by reference in this Form 10-K, into Atlantic American Corporation's previously filed Registration Statements (File Nos. 33-56866, 333-90063 and 333-90057).

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
March 27, 2001