

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-3722

ATLANTIC AMERICAN CORPORATION

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of incorporation or organization)

58-1027114

(I.R.S. Employer Identification No.)

4370 Peachtree Road, N.E.,

Atlanta, Georgia

(Address of principal executive offices)

30319

(Zip Code)

(404) 266-5500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	AAME	NASDAQ Global Market

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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The total number of shares of the registrant's Common Stock, \$1 par value, outstanding on July 31, 2025 was 20,397,228.

TABLE OF CONTENTS

	Forward-Looking Statements	2
Part I.	Financial Information	
Item 1.	Financial Statements:	3
	Condensed Consolidated Balance Sheets as of June 30, 2025 (unaudited) and December 31, 2024	3
	Condensed Consolidated Statements of Operations for the three months and six months ended June 30, 2025 and 2024 (unaudited)	4
	Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months and six months ended June 30, 2025 and 2024 (unaudited)	5
	Condensed Consolidated Statements of Shareholders' Equity for the three months and six months ended June 30, 2025 and 2024 (unaudited)	6
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2025 and 2024 (unaudited)	7
	Notes to Unaudited Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 4.	Controls and Procedures	27
Part II.	Other Information	
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	29
Item 5.	Other Information	29
Item 6.	Exhibits	29
	Signatures	30

FORWARD-LOOKING STATEMENTS

Certain of the statements contained herein are forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are all statements other than those of historical fact. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, and include estimates and assumptions related to, among other things, general economic, competitive, operational and legislative developments, expectations and trends. Forward-looking statements are inherently subject to risks and uncertainties which are, in many instances, beyond the Company's control and have been made based upon management's current expectations and beliefs concerning future developments and their potential effect upon the Company. There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on the Company will be those anticipated by management. Actual results could differ materially from those expressed by forward-looking statements, depending on the occurrence or outcome of various factors. These factors include, among others: the effects of macroeconomic conditions and general economic uncertainty; unexpected developments in the health care or insurance industries affecting providers or individuals, including the cost or availability of services, or the tax consequences related thereto; disruption to the financial markets; unanticipated increases in the rate, number and amounts of claims outstanding; our ability to remediate the identified material weakness in our internal control over financial reporting; the level of performance of reinsurance companies under reinsurance contracts and the availability, pricing and adequacy of reinsurance to protect the Company against losses; changes in the stock markets, interest rates or other financial markets, including the potential effect on the Company's statutory capital levels; the uncertain effect on the Company of regulatory and market-driven changes in practices relating to the payment of incentive compensation to brokers, agents and other producers; the potential impact of public health emergencies; the incidence and severity of catastrophes, both natural and man-made; the possible occurrence of terrorist attacks; stronger than anticipated competitive activity; unfavorable judicial or legislative developments; the potential effect of regulatory developments, including those which could increase the Company's business costs and required capital levels; the Company's ability to distribute its products through distribution channels, both current and future; the uncertain effect of emerging claim and coverage issues; the effect of assessments and other surcharges for guaranty funds and other mandatory pooling arrangements; information technology system failures or network disruptions; and risks related to cybersecurity matters, such as breaches of our computer network or those of other parties or the loss of or unauthorized access to the data we maintain. As a result, undue reliance should not be placed upon forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to publicly update any forward-looking statements as a result of subsequent developments, changes in underlying assumptions or facts or otherwise, except as may be required by law.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	<i>Unaudited</i> June 30, 2025	December 31, 2024
ASSETS		
Cash and cash equivalents	\$ 46,423	\$ 35,570
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost: \$233,156 and \$236,299; no allowance for credit losses)	213,323	212,612
Equity securities, at fair value (cost: \$4,943 and \$4,939)	11,280	7,900
Other invested assets (cost: \$7,946 and \$7,946)	6,324	6,616
Policy loans	1,656	1,722
Real estate	38	38
Investment in unconsolidated trusts	1,238	1,238
Total investments	<u>233,859</u>	<u>230,126</u>
Receivables:		
Reinsurance (net of allowance for expected credit losses of \$43 and \$51)	22,369	22,942
Insurance premiums and other (net of allowance for expected credit losses \$194 and \$201)	50,242	27,458
Deferred income taxes, net	16,449	18,118
Deferred acquisition costs	45,285	44,842
Other assets	12,168	11,828
Intangibles	2,544	2,544
Total assets	<u>\$ 429,339</u>	<u>\$ 393,428</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Insurance reserves and policyholder funds:		
Future policy benefits	\$ 101,554	\$ 98,464
Unearned premiums	50,510	31,178
Losses and claims	101,759	93,707
Other policy liabilities	1,690	1,757
Total insurance reserves and policyholder funds	<u>255,513</u>	<u>225,106</u>
Accounts payable and accrued expenses	29,899	30,948
Revolving credit facility	4,021	4,023
Junior subordinated debenture obligations, net	33,738	33,738
Total liabilities	<u>323,171</u>	<u>293,815</u>
Commitments and contingencies (Notes 3 and 12)		
Shareholders' equity:		
Preferred stock, \$1 par, 4,000,000 shares authorized; Series D preferred, 55,000 shares issued and outstanding; \$5,500 redemption value	55	55
Common stock, \$1 par, 50,000,000 shares authorized; shares issued: 22,400,894; shares outstanding: 20,397,228 and 20,399,758	22,401	22,401
Additional paid-in capital	57,425	57,425
Retained earnings	49,366	45,854
Accumulated other comprehensive loss	(15,667)	(18,712)
Unearned stock grant compensation	—	(2)
Treasury stock, at cost: 2,003,666 and 2,001,136 shares	(7,412)	(7,408)
Total shareholders' equity	<u>106,168</u>	<u>99,613</u>
Total liabilities and shareholders' equity	<u>\$ 429,339</u>	<u>\$ 393,428</u>

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

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue:				
Insurance premiums, net	\$ 50,146	\$ 44,993	\$ 97,059	\$ 89,545
Net investment income	2,516	2,416	4,958	4,972
Realized investment gains, net	16	13	16	13
Unrealized gains on equity securities, net	2,609	243	3,376	129
Other income	3	3	6	6
Total revenue	55,290	47,668	105,415	94,665
Benefits and expenses:				
Insurance benefits and losses incurred	33,647	31,807	65,560	63,732
Commissions and underwriting expenses	12,870	11,584	24,550	24,250
Interest expense	773	867	1,547	1,722
Other expense	3,784	4,259	8,507	8,316
Total benefits and expenses	51,074	48,517	100,164	98,020
Income (loss) before income taxes	4,216	(849)	5,251	(3,355)
Income tax expense (benefit)	900	(165)	1,133	(673)
Net income (loss)	3,316	(684)	4,118	(2,682)
Preferred stock dividends	(100)	(100)	(199)	(199)
Net income (loss) applicable to common shareholders	\$ 3,216	\$ (784)	\$ 3,919	\$ (2,881)
Earnings (loss) per common share (basic)	\$ 0.16	\$ (0.04)	\$ 0.19	\$ (0.14)
Earnings (loss) per common share (diluted)	\$ 0.15	\$ (0.04)	\$ 0.19	\$ (0.14)

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

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income (loss)	\$ 3,316	\$ (684)	\$ 4,118	\$ (2,682)
Other comprehensive income (loss):				
Available-for-sale fixed maturity securities:				
Gross unrealized holding gains (losses) arising in the period	733	(1,694)	3,870	(4,182)
Related income tax effect	(153)	356	(812)	878
Subtotal	580	(1,338)	3,058	(3,304)
Less: reclassification adjustment for net realized gains included in net income (loss)	(16)	(13)	(16)	(13)
Related income tax effect	3	3	3	3
Subtotal	(13)	(10)	(13)	(10)
Total other comprehensive income (loss), net of tax	567	(1,348)	3,045	(3,314)
Total comprehensive income (loss)	\$ 3,883	\$ (2,032)	\$ 7,163	\$ (5,996)

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

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited; Dollars in thousands except share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Preferred stock:				
Balance, beginning of period	\$ 55	\$ 55	\$ 55	\$ 55
Balance, end of period	55	55	55	55
Common stock:				
Balance, beginning of period	22,401	22,401	22,401	22,401
Balance, end of period	22,401	22,401	22,401	22,401
Additional paid-in capital:				
Balance, beginning of period	57,425	57,425	57,425	57,425
Balance, end of period	57,425	57,425	57,425	57,425
Retained earnings:				
Balance, beginning of period	46,150	48,425	45,854	50,929
Net income (loss)	3,316	(684)	4,118	(2,682)
Dividends on common stock	—	—	(407)	(407)
Dividends accrued on preferred stock	(100)	(100)	(199)	(199)
Balance, end of period	49,366	47,641	49,366	47,641
Accumulated other comprehensive loss:				
Balance, beginning of period	(16,234)	(18,087)	(18,712)	(16,121)
Other comprehensive income (loss), net of tax	567	(1,348)	3,045	(3,314)
Balance, end of period	(15,667)	(19,435)	(15,667)	(19,435)
Unearned stock grant compensation:				
Balance, beginning of period	—	(8)	(2)	(13)
Amortization of unearned compensation	—	1	2	6
Balance, end of period	—	(7)	—	(7)
Treasury stock:				
Balance, beginning of period	(7,412)	(7,408)	(7,408)	(7,401)
Net shares acquired related to employee share-based compensation plans	—	—	(4)	(7)
Balance, end of period	(7,412)	(7,408)	(7,412)	(7,408)
Total shareholders' equity	\$ 106,168	\$ 100,672	\$ 106,168	\$ 100,672
Dividends declared on common stock per share	\$ —	\$ —	\$ 0.02	\$ 0.02
Common shares outstanding:				
Balance, beginning of period	20,397,228	20,399,758	20,399,758	20,402,288
Net shares acquired under employee share-based compensation plans	—	—	(2,530)	(2,530)
Balance, end of period	20,397,228	20,399,758	20,397,228	20,399,758

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

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; In thousands)

	Six Months Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 4,118	\$ (2,682)
Adjustments to reconcile net income (loss) to net cash provided (used) in operating activities:		
(Additions to) amortization of acquisition costs, net	(443)	13
Realized investment gains, net	(16)	(13)
Unrealized gains on equity securities	(3,376)	(129)
Losses from equity method investees	292	318
Compensation expense related to share awards	2	6
Benefit for credit losses	(15)	(5)
Depreciation and amortization	180	238
Deferred income tax expense (benefit)	860	(673)
Increase in receivables, net	(22,196)	(11,918)
Increase in insurance reserves and policyholder funds	30,407	12,830
Decrease in accounts payable and accrued expenses	(1,248)	(2,689)
Other, net	(9)	(199)
Net cash provided by (used in) operating activities	<u>8,556</u>	<u>(4,903)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investments sold	6,869	—
Proceeds from investments matured, called or redeemed	9,304	5,935
Investments purchased	(13,031)	(8,612)
Additions to property and equipment	(434)	(94)
Net cash provided by (used in) investing activities	<u>2,708</u>	<u>(2,771)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividends on common stock	(407)	(407)
Treasury stock acquired — net employee share-based compensation	(4)	(7)
Proceeds from revolving credit facility, net	—	1,000
Net cash (used in) provided by financing activities	<u>(411)</u>	<u>586</u>
Net increase (decrease) in cash and cash equivalents	10,853	(7,088)
Cash and cash equivalents at beginning of period	35,570	28,301
Cash and cash equivalents at end of period	<u>\$ 46,423</u>	<u>\$ 21,213</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 1,559</u>	<u>\$ 1,723</u>
Cash paid for income taxes	<u>\$ 727</u>	<u>\$ 580</u>

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

ATLANTIC AMERICAN CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts)

Note 1. Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements include the accounts of Atlantic American Corporation (the “Parent”) and its subsidiaries (collectively with the Parent, the “Company”). The Parent’s primary operating subsidiaries, American Southern Insurance Company and American Safety Insurance Company (together known as “American Southern”) and Bankers Fidelity Life Insurance Company, Bankers Fidelity Assurance Company and Atlantic Capital Life Assurance Company (together known as “Bankers Fidelity”), operate in two principal business units. American Southern operates in the property and casualty insurance market, while Bankers Fidelity operates in the life and health insurance market. All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for audited annual financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. The unaudited condensed consolidated financial statements included herein and these related notes should be read in conjunction with the Company’s consolidated financial statements, and the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (the “2024 Annual Report”). For more information regarding Significant Accounting Policies, see the “Summary of Significant Accounting Policies” section of Note 1 of Notes to Consolidated Financial Statements in the 2024 Annual Report. The Company’s financial condition and operating results as of and for the three month and six month periods ended June 30, 2025 are not necessarily indicative of the financial condition or results of operations and cash flows that may be expected for the year ending December 31, 2025 or for any other future period.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. To the extent that the Company changes its accounting for, or presentation of, items in the financial statements, the presentation of such amounts in prior periods is changed to conform to the current period presentation, if appropriate, and disclosed, if material.

Enactment of the One Big Beautiful Bill Act of 2025

On July 4, 2025, the U.S. enacted a budget reconciliation package known as the One Big Beautiful Bill Act of 2025 (OBBBA) which includes both tax and non-tax provisions. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. Management does not believe this will have a material impact on the financials.

Note 2. Recently Issued Accounting Standards

Future Adoption of New Accounting Standards

Accounting for Long-Duration Contracts. In August 2018, the FASB issued ASU No. 2018-12, Financial Services —Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (“ASU 2018-12”). This guidance (1) improves the timeliness of recognizing changes in the liability for future policy benefits and modifies the rate used to discount future cash flows, by updating the assumptions used in measuring the liability for future policy benefits for these contracts at least annually rather than establishing them at contract inception and retaining them over the life of the contracts, which will improve the timeliness of recognizing changes in the liability that are caused by deviations in experience from the assumptions, and these deviations will be recognized and reflected in the liability for future benefits as they occur, (2) improves the accounting for certain market-based options or guarantees associated with deposit (or account balance) contracts, (3) simplifies the amortization of deferred acquisition costs; amortization on a constant level basis will be used in place of a complex actuarial methodology that is in place under existing financial reporting standards, and (4) improves the effectiveness of the required disclosures, with additional disclosures required, including disaggregated rollforwards of deferred acquisition costs, liabilities for future policy benefits, market risk benefits and liability for policyholders’ account balances. ASU 2018-12 is effective for annual reporting periods beginning after December 15, 2024 and interim periods beginning after December 15, 2025, although earlier adoption is permitted. The Company has completed the development of the necessary actuarial models for the affected policies and is in the process of testing the models and developing procedures that are responsive to support the new valuation requirements that will be used to estimate the liability for future benefits for these policies. The Company expects its Life, Medicare supplement and certain individual Accident and Health products to fall within the scope of this standard. The Company has elected to use the modified retrospective method upon adoption. The disclosures under ASU 2018-12 will change significantly, and the impact on our consolidated financial statements is expected to be material.

For more information regarding accounting standards that the Company has not yet adopted, see the “Recently Issued Accounting Standards - Future Adoption of New Accounting Standards” section of Note 1 of Notes to Consolidated Financial Statements in the 2024 Annual Report.

Note 3. Investments

The following tables set forth the estimated fair value, gross unrealized gains, gross unrealized losses, allowance for credit losses and cost or amortized cost of the Company's investments in fixed maturities and equity securities, aggregated by type and industry, as of June 30, 2025 and December 31, 2024.

Fixed maturities were comprised of the following:

	June 30, 2025				
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Cost or Amortized Cost
Fixed maturities:					
Bonds:					
U.S. Treasury securities and obligations of U.S. Government agencies and authorities	\$ 24,251	\$ 153	\$ 1,818	\$ —	\$ 25,916
Loan backed and structured securities	22,209	51	2,179	—	24,337
Obligations of states and political subdivisions	7,318	15	1,464	—	8,767
Corporate securities:					
Utilities and telecom	22,280	86	2,828	—	25,022
Financial services	60,141	731	3,888	—	63,298
Other business – diversified	33,724	96	3,507	—	37,135
Other consumer – diversified	43,194	46	5,340	—	48,488
Total corporate securities	159,339	959	15,563	—	173,943
Redeemable preferred stocks:					
Other consumer – diversified	206	13	—	—	193
Total redeemable preferred stocks	206	13	—	—	193
Total fixed maturities	\$ 213,323	\$ 1,191	\$ 21,024	\$ —	\$ 233,156

	December 31, 2024				
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Cost or Amortized Cost
Fixed maturities:					
Bonds:					
U.S. Treasury securities and obligations of U.S. Government agencies and authorities	\$ 22,251	\$ 24	\$ 2,144	\$ —	\$ 24,371
Loan backed and structured securities	22,290	17	2,457	—	24,730
Obligations of states and political subdivisions	7,623	9	1,517	—	9,131
Corporate securities:					
Utilities and telecom	24,623	108	3,206	—	27,721
Financial services	59,564	563	4,768	—	63,769
Other business – diversified	34,117	160	3,919	—	37,876
Other consumer – diversified	41,957	33	6,585	—	48,509
Total corporate securities	160,261	864	18,478	—	177,875
Redeemable preferred stocks:					
Other consumer – diversified	187	—	5	—	192
Total redeemable preferred stocks	187	—	5	—	192
Total fixed maturities	\$ 212,612	\$ 914	\$ 24,601	\$ —	\$ 236,299

Bonds having an amortized cost of \$14,898 and \$15,065 and included in the tables above were on deposit with insurance regulatory authorities as of June 30, 2025 and December 31, 2024, respectively, in accordance with statutory requirements. In addition, the Company maintains cash and cash equivalents on deposit with insurance regulatory authorities of \$226 as of June 30, 2025 and December 31, 2024. Additionally, bonds having an amortized cost of \$9,048 and \$9,209 and included in the tables above were pledged as collateral to the Federal Home Loan Bank of Atlanta ("FHLB") at June 30, 2025 and December 31, 2024, respectively.

Equity securities were comprised of the following:

	June 30, 2025			
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Cost or Amortized Cost
Equity securities:				
Common and non-redeemable preferred stocks:				
Financial services	\$ 1,240	\$ 930	\$ —	\$ 310
Communications	10,040	5,407	—	4,633
Total equity securities	<u>\$ 11,280</u>	<u>\$ 6,337</u>	<u>\$ —</u>	<u>\$ 4,943</u>
	December 31, 2024			
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Cost or Amortized Cost
Equity securities:				
Common and non-redeemable preferred stocks:				
Financial services	\$ 1,149	\$ 843	\$ —	\$ 306
Communications	6,751	2,118	—	4,633
Total equity securities	<u>\$ 7,900</u>	<u>\$ 2,961</u>	<u>\$ —</u>	<u>\$ 4,939</u>

The carrying value and amortized cost of the Company's investments in fixed maturities at June 30, 2025 and December 31, 2024 by contractual maturity were as follows. Actual maturities may differ from contractual maturities because issuers may call or prepay obligations with or without call or prepayment penalties.

	June 30, 2025		December 31, 2024	
	Carrying Value	Amortized Cost	Carrying Value	Amortized Cost
Due in one year or less	\$ 7,425	\$ 7,502	\$ 7,484	\$ 7,497
Due after one year through five years	66,745	68,104	62,722	64,703
Due after five years through ten years	25,966	27,395	32,820	35,552
Due after ten years	82,742	96,475	80,199	95,466
Asset backed securities	30,445	33,680	29,387	33,081
Totals	<u>\$ 213,323</u>	<u>\$ 233,156</u>	<u>\$ 212,612</u>	<u>\$ 236,299</u>

The following tables present the Company's unrealized loss aging for securities by type and length of time the security was in a continuous unrealized loss position as of June 30, 2025 and December 31, 2024.

	June 30, 2025					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S. Government agencies and authorities	\$ 2,570	\$ 19	\$ 14,071	\$ 1,799	\$ 16,641	\$ 1,818
Loan backed and structured securities	543	3	15,392	2,176	15,935	2,179
Obligations of states and political subdivisions	—	—	5,891	1,464	5,891	1,464
Corporate securities	17,818	470	122,233	15,093	140,051	15,563
Total temporarily impaired securities	<u>\$ 20,931</u>	<u>\$ 492</u>	<u>\$ 157,587</u>	<u>\$ 20,532</u>	<u>\$ 178,518</u>	<u>\$ 21,024</u>

	December 31, 2024					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S. Government agencies and authorities	\$ 3,753	\$ 33	\$ 16,136	\$ 2,111	\$ 19,889	\$ 2,144
Loan backed and structured securities	1,010	5	16,069	2,452	17,079	2,457
Obligations of states and political subdivisions	—	—	5,839	1,517	5,839	1,517
Corporate securities	18,510	755	125,930	17,723	144,440	18,478
Redeemable preferred stocks	188	5	—	—	188	5
Total temporarily impaired securities	<u>\$ 23,461</u>	<u>\$ 798</u>	<u>\$ 163,974</u>	<u>\$ 23,803</u>	<u>\$ 187,435</u>	<u>\$ 24,601</u>

Analysis of Securities in Unrealized Loss Positions

As of June 30, 2025 and December 31, 2024, there were 198 and 213 securities, respectively, in an unrealized loss position which primarily included certain of the Company's investments in fixed maturities within the utilities and telecom, financial services, other diversified business and other diversified consumer sectors. The unrealized losses on the Company's fixed maturity securities investments have been primarily related to general market changes in interest rates and/or the levels of credit spreads rather than specific concerns with the issuer's ability to pay interest and repay principal.

For any of its fixed maturity securities with significant declines in fair value, the Company performs detailed analyses to identify whether the drivers of the declines are due to general market drivers, such as the elevated interest rate environment, or due to credit-related factors. Identifying the drivers of the declines in fair value helps to align and allocate the Company's resources to securities with real credit-related concerns that could impact the ultimate collection of principal and interest. For any significant declines in fair value determined to be non-interest rate or market related, the Company performs a more focused review of the related issuers' specific credit profile.

For corporate issuers, the Company evaluates their assets, business profile including industry dynamics and competitive positioning, financial statements and other available financial data. For non-corporate issuers, the Company analyzes all reasonably available sources of credit support, including issuer-specific factors. The Company utilizes information available in the public domain and, for certain private placement issuers, from consultations with the issuers directly. The Company also considers ratings from Nationally Recognized Statistical Rating Organizations, as well as the specific characteristics of the security it owns including seniority in the issuer's capital structure, covenant protections, or other relevant features. From these reviews, the Company evaluates the issuers' continued ability to service the Company's investment through payment of interest and principal.

Assuming no credit-related factors develop, unrealized gains and losses on fixed maturity securities are expected to diminish as investments near maturity. Based on its credit analysis, the Company believes that the issuers of its fixed maturity investments in the sectors shown in the table above have the ability to service their obligations to the Company. In addition, the Company does not intend to sell the investments, and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity.

However, from time to time the Company identifies certain available-for-sale fixed maturity securities where the amortized cost basis exceeds the present value of the cash flows expected to be collected due to credit related factors and as a result, a credit allowance will be estimated. The Company had no allowance for credit losses ("ACL") on its available-for-sale fixed maturities as of June 30, 2025 or December 31, 2024.

The following tables summarize realized investment gains for the three month and six month periods ended June 30, 2025 and 2024.

	Three Months Ended			Total
	June 30, 2025			
	Fixed Maturities	Equity Securities	Other Invested Assets	
Gains	\$ 153	\$ —	\$ —	\$ 153
Losses	(137)	—	—	(137)
Realized investment gains, net	\$ 16	\$ —	\$ —	\$ 16

	Three Months Ended			Total
	June 30, 2024			
	Fixed Maturities	Equity Securities	Other Invested Assets	
Gains	\$ 15	\$ —	\$ —	\$ 15
Losses	(2)	—	—	(2)
Realized investment gains, net	\$ 13	\$ —	\$ —	\$ 13

	Six Months Ended			Total
	June 30, 2025			
	Fixed Maturities	Equity Securities	Other Invested Assets	
Gains	\$ 153	\$ —	\$ —	\$ 153
Losses	(137)	—	—	(137)
Realized investment gains, net	\$ 16	\$ —	\$ —	\$ 16

	Six Months Ended June 30, 2024			
	Fixed Maturities	Equity Securities	Other Invested Assets	Total
Gains	\$ 15	\$ —	\$ —	\$ 15
Losses	(2)	—	—	(2)
Realized investment gains, net	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13</u>

The following table presents the change in unrealized gains related to equity securities still held for the three month and six month periods ended June 30, 2025 and 2024.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net realized and unrealized gains recognized during the period on equity securities	\$ 2,609	\$ 243	\$ 3,376	\$ 129
Less: Net realized gains recognized during the period on equity securities sold during the period	—	—	—	—
Unrealized gains recognized during the reporting period on equity securities, net	<u>\$ 2,609</u>	<u>\$ 243</u>	<u>\$ 3,376</u>	<u>\$ 129</u>

Variable Interest Entities

The Company holds passive interests in a number of entities that are considered to be variable interest entities (“VIEs”) under GAAP guidance. The Company’s VIE interests principally consist of interests in limited liability companies formed for the purpose of achieving diversified equity returns. The Company’s VIE interests, carried as a part of other invested assets, totaled \$6,324 and \$6,616 as of June 30, 2025 and December 31, 2024, respectively. The Company’s VIE interests, carried as a part of investment in unconsolidated trusts, totaled \$1,238 as of June 30, 2025 and December 31, 2024.

The Company does not have power over the activities that most significantly impact the economic performance of these VIEs and thus is not the primary beneficiary. Therefore, the Company has not consolidated these VIEs. The Company’s involvement with each VIE is limited to its direct ownership interest in the VIE. The Company’s maximum loss exposure relative to these investments was limited to the carrying value of the Company’s investment in the VIEs, which amount to \$7,562 and \$7,854, as of June 30, 2025 and December 31, 2024, respectively. As of June 30, 2025 and December 31, 2024, the Company had outstanding commitments totaling \$2,200, respectively, whereby the Company is committed to fund these investments and may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses.

Note 4. Fair Values of Financial Instruments

The estimated fair values have been determined by the Company using available market information from various market sources and appropriate valuation methodologies as of the respective dates. However, considerable judgment is necessary to interpret market data and to develop the estimates of fair value. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, 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.

The following describes the fair value hierarchy and provides information as to the extent to which the Company uses fair value to measure the value of its financial instruments and information about the inputs used to value those financial instruments. The fair value hierarchy prioritizes the inputs in the valuation techniques used to measure fair value into three broad levels.

- Level 1 Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date. The Company’s financial instruments valued using Level 1 criteria include cash equivalents and exchange traded common stocks.
- Level 2 Observable inputs, other than quoted prices included in Level 1, for an asset or liability or prices for similar assets or liabilities. The Company’s financial instruments valued using Level 2 criteria include most of its fixed maturities, which consist of U.S. Treasury securities, U.S. Government securities, obligations of states and political subdivisions, and certain corporate fixed maturities, as well as its non-redeemable preferred stocks. In determining fair value measurements of its fixed maturities and non-redeemable preferred stocks using Level 2 criteria, the Company utilizes data from outside sources, including nationally recognized pricing services and broker/dealers. Prices for the majority of the Company’s Level 2 fixed maturities and non-redeemable preferred stocks were determined using unadjusted prices received from pricing services that utilize models where the significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates and loss severities) or can be corroborated by observable market data.

Level 3 Valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Fair value is based on criteria that use assumptions or other data that are not readily observable from objective sources. With little or no observable market, the determination of fair values uses considerable judgment and represents the Company's best estimate of an amount that could be realized in a market exchange for the asset or liability. The Company's financial instruments valued using Level 3 criteria consist of one equity security. As of June 30, 2025 and December 31, 2024, the value of the equity security valued using Level 3 criteria was \$193 and \$189, respectively.

As of June 30, 2025, financial instruments carried at fair value were measured on a recurring basis as summarized below:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Fixed maturities	\$ —	\$ 213,323	\$ —	\$ 213,323
Equity securities	11,087	—	193	11,280
Cash equivalents	28,421	—	—	28,421
Total	<u>\$ 39,508</u>	<u>\$ 213,323</u>	<u>\$ 193</u>	<u>\$ 253,024</u>

As of December 31, 2024, financial instruments carried at fair value were measured on a recurring basis as summarized below:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Fixed maturities	\$ —	\$ 212,612	\$ —	\$ 212,612
Equity securities	7,711	—	189	7,900
Cash equivalents	14,948	—	—	14,948
Total	<u>\$ 22,659</u>	<u>\$ 212,612</u>	<u>\$ 189</u>	<u>\$ 235,460</u>

The following table sets forth the carrying amount, estimated fair value and level within the fair value hierarchy of the Company's financial instruments as of June 30, 2025 and December 31, 2024.

	Level in Fair Value Hierarchy ⁽¹⁾	June 30, 2025		December 31, 2024	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets:					
Cash and cash equivalents	Level 1	\$ 46,423	\$ 46,423	\$ 35,570	\$ 35,570
Fixed maturities	Level 2	213,323	213,323	212,612	212,612
Equity securities	(1)	11,280	11,280	7,900	7,900
Policy loans	Level 3	1,656	1,656	1,722	1,722
Liabilities:					
Junior subordinated debentures, net	Level 2	33,738	32,931	33,738	35,443
Revolving credit facility	Level 2	4,021	4,021	4,023	4,023

(1) See the aforementioned information for a description of the fair value hierarchy as well as a description of levels for classes of these financial assets. The Company has one equity security valued at level 3 and all other equity securities are valued at level 1.

The Company had no transfers into or out of level 3 for the six months ended June 30, 2025 or the year ended December 31, 2024.

Note 5. Allowance for Expected Credit Losses

Reinsurance Recoverables

The following table presents the balances of reinsurance recoverables, net of the allowance for expected credit losses, at June 30, 2025 and 2024, and the changes in the allowance for expected credit losses for the three month and six month periods ended June 30, 2025 and 2024.

	At and for the three months ended June 30, 2025		At and for the six months ended June 30, 2025	
	Reinsurance Recoverables, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses	Reinsurance Recoverables, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Balance, beginning of period	\$ 23,829	\$ 45	\$ 22,942	\$ 51
Current period change for expected credit losses		(2)		(8)
Write-offs of uncollectible reinsurance recoverables		—		—
Balance, end of period	<u>\$ 22,369</u>	<u>\$ 43</u>	<u>\$ 22,369</u>	<u>\$ 43</u>
	At and for the three months ended June 30, 2024		At and for the six months ended June 30, 2024	
	Reinsurance Recoverables, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses	Reinsurance Recoverables, Net of Allowance for Expected Credit Losses	Allowance for Expected Credit Losses
Balance, beginning of period	\$ 20,935	\$ 56	\$ 21,103	\$ 61
Current period change for expected credit losses		(2)		(7)
Write-offs of uncollectible reinsurance recoverables		—		—
Balance, end of period	<u>\$ 22,496</u>	<u>\$ 54</u>	<u>\$ 22,496</u>	<u>\$ 54</u>

Insurance Premium and Other Receivables

The following table presents the balances of insurance premiums and other, net of the allowance for expected credit losses, at June 30, 2025 and 2024, and the changes in the allowance for expected credit losses for the three month and six month periods ended June 30, 2025 and 2024.

	At and for the three months ended June 30, 2025		At and for the six months ended June 30, 2025	
	Insurance Premiums and Other, Net of Expected Credit Losses	Allowance for Expected Credit Losses	Insurance Premiums and Other, Net of Expected Credit Losses	Allowance for Expected Credit Losses
Balance, beginning of period	\$ 19,213	\$ 195	\$ 27,458	\$ 201
Current period change for expected credit losses		(1)		(7)
Write-offs of uncollectible insurance premiums and other receivables		—		—
Balance, end of period	<u>\$ 50,242</u>	<u>\$ 194</u>	<u>\$ 50,242</u>	<u>\$ 194</u>
	At and for the three months ended June 30, 2024		At and for the six months ended June 30, 2024	
	Insurance Premiums and Other, Net of Expected Credit Losses	Allowance for Expected Credit Losses	Insurance Premiums and Other, Net of Expected Credit Losses	Allowance for Expected Credit Losses
Balance, beginning of period	\$ 14,696	\$ 216	\$ 23,690	\$ 217
Current period change for expected credit losses		3		2
Write-offs of uncollectible insurance premiums and other receivables		—		—
Balance, end of period	<u>\$ 34,220</u>	<u>\$ 219</u>	<u>\$ 34,220</u>	<u>\$ 219</u>

Note 6. Internal-Use Software

On March 3, 2021, the Company entered into a hosting arrangement through a service contract with a third party software solutions vendor to provide a suite of policy, billing, claim, and customer management services. The software is managed, hosted, supported, and delivered as a cloud-based software service product offering (software-as-a-service). The initial term of the arrangement, as amended, was three years. The arrangement was renewed in March 2024 for an additional five years, with a subsequent renewal term of five years.

Service fees related to the hosting arrangement are recorded as an expense in the Company's condensed consolidated statement of operations as incurred. Implementation expenses incurred related to third party professional and consulting services have been capitalized. The Company will begin amortizing, on a straight-line basis over the expected remaining term of the hosting arrangement, when the software is substantially ready for its intended use. The Company incurred and capitalized implementation costs of \$39 and \$51 during the six months ended June 30, 2025 and 2024, respectively. As a result, the Company has capitalized \$4,714 and \$4,675 in implementation costs in other assets within its condensed consolidated balance sheet as of June 30, 2025 and December 31, 2024, respectively. The Company expects the software will be substantially ready for its intended use in the second half of 2025. Accordingly, the Company has not recorded any amortization expense related to software implementation costs for the three months and six months ended June 30, 2025 and 2024.

Note 7. Insurance Reserves for Losses and Claims

The roll-forward of insurance reserves for losses and claims for the six months ended June 30, 2025 and 2024 is as follows:

	Six Months Ended June 30,	
	2025	2024
Beginning insurance reserves for losses and claims, gross	\$ 93,707	\$ 87,478
Less: Reinsurance recoverable on unpaid losses	(17,390)	(14,678)
Beginning insurance reserves for losses and claims, net	<u>76,317</u>	<u>72,800</u>
Incurred related to:		
Current accident year	63,346	57,851
Prior accident year development	(2,543) ⁽¹⁾	1,829 ⁽²⁾
Total incurred	<u>60,803</u>	<u>59,680</u>
Paid related to:		
Current accident year	24,903	22,405
Prior accident years	27,410	37,016
Total paid	<u>52,313</u>	<u>59,421</u>
Ending insurance reserves for losses and claims, net	84,807	73,059
Plus: Reinsurance recoverable on unpaid losses	16,952	17,565
Ending insurance reserves for losses and claims, gross	<u>\$ 101,759</u>	<u>\$ 90,624</u>

(1) Prior years' development was primarily the result of favorable development in the Medicare supplement line of business in the life and health operations, partially offset by unfavorable development in the property and casualty operations predominately in the automobile liability line of business.

(2) Prior years' development was primarily the result of unfavorable development in the property and casualty operations predominately in the automobile liability line of business due to inflationary factors.

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

	Six Months Ended June 30,	
	2025	2024
Total incurred losses	\$ 60,803	\$ 59,680
Cash surrender value and matured endowments	1,291	577
Benefit reserve changes	3,466	3,475
Total insurance benefits and losses incurred	<u>\$ 65,560</u>	<u>\$ 63,732</u>

Note 8. Credit Arrangements

Bank Debt

On May 12, 2021, the Company entered into a Revolving Credit Agreement with Truist Bank as the lender (the “Lender”). The Revolving Credit Agreement provides for an unsecured \$10,000 revolving credit facility that originally matured on April 12, 2024. On March 22, 2024, the Company entered into a First Amendment (the “Amendment”) to its Revolving Credit Agreement (as amended, the “Credit Agreement”) with the Lender. The Amendment, among other things, (a) updates the interest rate provisions to memorialize that the Company pays interest on the unpaid principal balance of outstanding revolving loans at the Adjusted Term SOFR rate (as defined in the Credit Agreement), plus 2.00%, (b) extends the maturity date of the revolving credit facility to March 22, 2027, (c) requires the monthly payment of an unused commitment fee of 0.2% of the unused facility amount, and (d) requires that the Company maintain a consolidated net worth of not less than \$64,200. Except as modified by the Amendment, the existing terms of the original Credit Agreement remain in effect.

The Credit Agreement requires the Company to comply with certain covenants, including a debt-to-capital ratio that restricts the Company from incurring consolidated indebtedness that exceeds 35% of the Company’s consolidated capitalization at any time and maintaining a minimum consolidated net worth, as previously mentioned. The Credit Agreement also contains customary representations and warranties and events of default. Events of default include, among others, (a) the failure by the Company to pay any amounts owed under the Credit Agreement when due, (b) the failure to perform and not timely remedy certain covenants, (c) a change in control of the Company and (d) the occurrence of bankruptcy or insolvency events. Upon an event of default, the Lender may, among other things, declare all obligations under the Credit Agreement immediately due and payable and terminate the revolving commitments. As of June 30, 2025, and December 31, 2024, the Company had outstanding borrowings including accrued interest of \$4,021 and \$4,023, respectively, under the Credit Agreement.

For the three months ended June 30, 2025 and 2024, the Company incurred \$65 and \$76 in interest expense, respectively, on the revolving credit facility borrowing. For the six months ended June 30, 2025 and 2024, the Company incurred \$129 and \$137, respectively, in interest expense. During the three month and six month periods ended June 30, 2025, the Company paid \$3 and \$6, respectively, in fees on the available unused amount of the revolving credit facility of \$6,000. At June 30, 2025 and December 31, 2024, the effective interest rate was 6.43% and 6.67%, respectively.

Junior Subordinated Debentures

The Company has two unconsolidated Connecticut statutory business trusts, which exist for the exclusive purposes of: (i) issuing trust preferred securities (“Trust Preferred Securities”) representing undivided beneficial interests in the assets of the trusts; (ii) investing the gross proceeds of the Trust Preferred Securities in junior subordinated deferrable interest debentures (“Junior Subordinated Debentures”) of the Company; and (iii) engaging in those activities necessary or incidental thereto.

The outstanding \$18,042 and \$15,696 of Junior Subordinated Debentures mature on December 4, 2032 and May 15, 2033, respectively, are callable quarterly, in whole or in part, only at the option of the Company. Prior to July 1, 2023, the interest rate was based on 3-month LIBOR plus an applicable margin. Effective July 1, 2023, the interest rate is determined based on a reference rate of the 3-month SOFR plus applicable tenor spread of 0.26161% plus an applicable margin, ranging from 4.00% to 4.10%. At June 30, 2025 and December 31, 2024, the effective interest rate was 8.64% and 8.82%, respectively.

The financial structure of each of Atlantic American Statutory Trust I and II as of June 30, 2025 was as follows:

	Atlantic American Statutory Trust I	Atlantic American Statutory Trust II
JUNIOR SUBORDINATED DEBENTURES (1) (2)		
Principal amount owed June 30, 2025	\$ 18,042	\$ 23,196
Less: Treasury debt (3)	—	(7,500)
Net balance June 30, 2025	\$ 18,042	\$ 15,696
Net balance December 31, 2024	\$ 18,042	\$ 15,696
Coupon rate	3-Month SOFR + 0.26161% spread adj + 4.00%	3-Month SOFR + 0.26161% spread adj + 4.10%
Interest payable	Quarterly	Quarterly
Maturity date	December 4, 2032	May 15, 2033
Redeemable by issuer	Yes	Yes
TRUST PREFERRED SECURITIES		
Issuance date	December 4, 2002	May 15, 2003
Securities issued	17,500	22,500
Liquidation preference per security	\$ 1	\$ 1
Liquidation value	\$ 17,500	\$ 22,500
Coupon rate	3-Month SOFR + 0.26161% spread adj + 4.00%	3-Month SOFR + 0.26161% spread adj + 4.10%
Distribution payable	Quarterly	Quarterly
Distribution guaranteed by (4)	Atlantic American Corporation	Atlantic American Corporation

- (1) For each of the respective debentures, the Company has the right at any time, and from time to time, to defer payments of interest on the Junior Subordinated Debentures for a period not exceeding 20 consecutive quarters up to the debentures' respective maturity dates. During any such period, interest will continue to accrue and the Company may not declare or pay any cash dividends or distributions on, or purchase, the Company's common stock nor make any principal, interest or premium payments on or repurchase any debt securities that rank equally with or junior to the Junior Subordinated Debentures. The Company has the right at any time to dissolve each of the trusts and cause the Junior Subordinated Debentures to be distributed to the holders of the Trust Preferred Securities.
- (2) The Junior Subordinated Debentures are unsecured and rank junior and subordinate in right of payment to all senior debt of the Parent and are effectively subordinated to all existing and future liabilities of its subsidiaries.
- (3) On August 4, 2014, the Company acquired \$7,500 of the Junior Subordinated Debentures.
- (4) The Parent has guaranteed, on a subordinated basis, all of the obligations under the Trust Preferred Securities, including payment of the redemption price and any accumulated and unpaid distributions to the extent of available funds and upon dissolution, winding up or liquidation.

Note 9. Earnings (Loss) Per Common Share

A reconciliation of the numerator and denominator used in the earnings (loss) per common share calculations is as follows:

	Three Months Ended June 30, 2025		
	Earnings	Weighted Average Shares (In thousands)	Per Share Amount
<i>Basic Earnings Per Common Share:</i>			
Net income	\$ 3,316	20,397	
Less preferred stock dividends	(100)	—	
Net income applicable to common shareholders	<u>\$ 3,216</u>	<u>20,397</u>	<u>\$ 0.16</u>
<i>Diluted Earnings Per Common Share:</i>			
Effect of Series D preferred stock	100	1,378	
Net income applicable to common shareholders	<u>\$ 3,316</u>	<u>21,775</u>	<u>\$ 0.15</u>
	Three Months Ended June 30, 2024		
	Loss	Weighted Average Shares (In thousands)	Per Share Amount
<i>Basic and Diluted Loss Per Common Share:</i>			
Net loss	\$ (684)	20,400	
Less preferred stock dividends	(100)	—	
Net loss applicable to common shareholders	<u>\$ (784)</u>	<u>20,400</u>	<u>\$ (0.04)</u>
	Six Months Ended June 30, 2025		
	Earnings	Weighted Average Shares (In thousands)	Per Share Amount
<i>Basic Earnings Per Common Share:</i>			
Net income	\$ 4,118	20,398	
Less preferred stock dividends	(199)	—	
Net income applicable to common shareholders	<u>\$ 3,919</u>	<u>20,398</u>	<u>\$ 0.19</u>
<i>Diluted Earnings Per Common Share:</i>			
Effect of Series D preferred stock	199	1,378	
Net income applicable to common shareholders	<u>\$ 4,118</u>	<u>21,776</u>	<u>\$ 0.19</u>

	Six Months Ended June 30, 2024		
	Loss	Weighted Average Shares (In thousands)	Per Share Amount
<i>Basic and Diluted Loss Per Common Share:</i>			
Net loss	\$ (2,682)	20,401	
Less preferred stock dividends	(199)	—	
Net loss applicable to common shareholders	<u>\$ (2,881)</u>	<u>20,401</u>	<u>\$ (0.14)</u>

The assumed conversion of the Company's Series D preferred stock was excluded from the earnings (loss) per common share calculation for the three month and six month periods ended June 30, 2024, since its impact would have been antidilutive.

Note 10. Income Taxes

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Federal income tax provision at statutory rate of 21%	\$ 886	\$ (179)	\$ 1,103	\$ (705)
Dividends-received deduction	(6)	(6)	(12)	(12)
Meals and entertainment	15	16	29	35
Vested stock and club dues	—	—	2	1
Parking disallowance	5	4	11	8
Income tax expense (benefit)	<u>\$ 900</u>	<u>\$ (165)</u>	<u>\$ 1,133</u>	<u>\$ (673)</u>

The components of income tax expense (benefit) were:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Current – Federal	\$ 273	\$ —	\$ 273	\$ —
Deferred – Federal	627	(165)	860	(673)
Total	<u>\$ 900</u>	<u>\$ (165)</u>	<u>\$ 1,133</u>	<u>\$ (673)</u>

Note 11. Leases

The Company has two operating lease agreements, each for the use of office space in the ordinary course of business. The original term of the first lease was to automatically renew on an annual basis and was amended on December 26, 2024, when the Company and its subsidiary, Bankers Fidelity Life Insurance Company, entered into a Second Amendment to the Lease Agreement (the "Second Amendment") with 4370 Peachtree LLC. The Second Amendment amends the Lease Agreement, dated November 1, 2007, by and among the same parties (as previously amended, the "Lease Agreement"), pursuant to which the Company leases space for its principal offices and for some of its insurance operations in an office building located in Atlanta, Georgia. Pursuant to the Second Amendment, the Lease Agreement was modified to increase the base rent payable by the Company, beginning January 1, 2025. The Second Amendment also provides for rent adjustment on January 1, 2027, January 1, 2030 and each five years thereafter.

The original term of the second lease was ten years and amended in January 2017 to provide for an additional seven years, with a termination date on September 30, 2026. The rate used in determining the present value of lease payments is based upon an estimate of the Company's incremental secured borrowing rate commensurate with the term of the underlying lease.

These leases are accounted for as operating leases, whereby lease expense is recognized on a straight-line basis over the term of the lease. Lease expense reported for the six months ended June 30, 2025 and June 30, 2024 was \$569 and \$507, respectively.

Additional information regarding the Company's real estate operating leases is as follows:

	Six Months Ended	
	June 30,	
	2025	2024
Cash payments included in the measurement of lease liabilities reported in operating cash flows	\$ 600	\$ 529
Right-of-use assets included in other assets on the condensed consolidated balance sheet	4,880	2,196
Weighted average discount rate	7.9%	6.8%
Weighted average remaining lease term in years	7.4 years	2.4 years

The following table presents maturities and present value of the Company's lease liabilities:

	Lease Liability
Remainder of 2025	\$ 607
2026	1,066
2027	645
2028	645
2029	645
Thereafter	3,595
Total undiscounted lease payments	7,203
Less: present value adjustment	2,220
Operating lease liability included in accounts payable and accrued expenses on the condensed consolidated balance sheet	\$ 4,983

As of June 30, 2025, the Company has no operating leases that have not yet commenced.

Note 12. Commitments and Contingencies

Litigation

From time to time, the Company is, and expects to continue to be, involved in various claims and lawsuits incidental to and arising in the ordinary course of its business. In the opinion of management, any such known claims are not expected to have a material effect on the financial condition or results of operations of the Company.

Regulatory Matters

Like 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 commissioners. From time to time, and in the ordinary course of business, the Company receives notices and inquiries from state insurance departments with respect to various matters. In the opinion of management, any such known regulatory matters are not expected to have a material effect on the financial condition or results of operations of the Company.

Note 13. Segment Information

The Parent's primary insurance subsidiaries operate with relative autonomy and each company is evaluated based on its individual performance. American Southern operates in the property and casualty insurance market, while Bankers Fidelity operates in the life and health insurance market. Each segment derives revenue from the collection of premiums, as well as from investment income. The Company's strategy is to focus on well-defined geographic, demographic and/or product niches within the insurance marketplace. Substantially all revenue other than that in the corporate and other segment is from external sources.

The Company adopted ASU No. 2023-07, Segment Reporting- An Amendment for Improvements to Reportable Segment Disclosures (Topic 280) in December 2024. The most significant provision was for the Company to disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM"). The Company's CODM is the Chairman, President and Chief Executive Officer. The segment's most significant expenses include insurance benefits and losses incurred and other expenses, such as commissions and underwriting. Interest expense at the segment level is insignificant. To assess profitability on a reportable segment basis, the CODM reviews income (loss) before income taxes.

The following sets forth the assets, revenue and income (loss) before income taxes for each business unit as of and for the periods ended 2025 and 2024.

Assets	June 30, 2025	December 31, 2024
American Southern	\$ 174,390	\$ 147,214
Bankers Fidelity	222,696	210,819
Corporate, Other and Eliminations	32,253	35,395
Total assets	\$ 429,339	\$ 393,428

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
American Southern	\$ 22,232	\$ 18,526	\$ 41,653	\$ 37,384
Bankers Fidelity	33,092	29,203	63,590	57,374
Corporate, Other and Eliminations	(34)	(61)	172	(93)
Total revenue	<u>\$ 55,290</u>	<u>\$ 47,668</u>	<u>\$ 105,415</u>	<u>\$ 94,665</u>
Insurance benefits and losses incurred				
American Southern	\$ 16,013	\$ 14,228	\$ 30,610	\$ 27,041
Bankers Fidelity	17,634	17,579	34,950	36,691
Corporate, Other and Eliminations	-	-	-	-
Total insurance benefits and losses incurred	<u>\$ 33,647</u>	<u>\$ 31,807</u>	<u>\$ 65,560</u>	<u>\$ 63,732</u>
Commissions and underwriting				
American Southern	\$ 5,311	\$ 3,511	\$ 9,416	\$ 8,018
Bankers Fidelity	9,588	10,430	20,333	20,776
Corporate, Other and Eliminations	(2,029)	(2,357)	(5,199)	(4,544)
Total commissions and underwriting	<u>\$ 12,870</u>	<u>\$ 11,584</u>	<u>\$ 24,550</u>	<u>\$ 24,250</u>
Income (loss) before income taxes				
American Southern	\$ 875	\$ 751	\$ 1,560	\$ 2,258
Bankers Fidelity	5,870	1,195	8,307	(92)
Corporate, Other and Eliminations	(2,529)	(2,795)	(4,616)	(5,521)
Income (loss) before income taxes	<u>\$ 4,216</u>	<u>\$ (849)</u>	<u>\$ 5,251</u>	<u>\$ (3,355)</u>

[Item 2.](#)

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

Overview

The following is management’s discussion and analysis of the financial condition and results of operations of Atlantic American Corporation (“Atlantic American” or the “Parent”) and its subsidiaries (collectively with the Parent, the “Company”) as of and for the three month and six month periods ended June 30, 2025. This discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included elsewhere herein, as well as with the audited consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (the “2024 Annual Report”).

Atlantic American is an insurance holding company whose operations are conducted primarily through its insurance subsidiaries: American Southern Insurance Company and American Safety Insurance Company (together known as “American Southern”) and Bankers Fidelity Life Insurance Company, Bankers Fidelity Assurance Company and Atlantic Capital Life Assurance Company (together known as “Bankers Fidelity”). Each operating company is managed separately, offers different products and is evaluated on its individual performance.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ significantly from those estimates. The Company has identified certain estimates that involve a higher degree of judgment and are subject to a significant degree of variability. The Company’s critical accounting policies and the resultant estimates considered most significant by management are disclosed in the 2024 Annual Report. Except as disclosed in Note 1 of Notes to Condensed Consolidated Financial Statements, the Company’s critical accounting policies are consistent with those disclosed in the 2024 Annual Report.

Overall Corporate Results

The following presents the Company’s revenue, expenses and net income (loss) for the three month and six month periods ended June 30, 2025 and the comparable periods in 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(In thousands)				
Insurance premiums, net	\$ 50,146	\$ 44,993	\$ 97,059	\$ 89,545
Net investment income	2,516	2,416	4,958	4,972
Realized investment gains, net	16	13	16	13
Unrealized gains on equity securities, net	2,609	243	3,376	129
Other income	3	3	6	6
Total revenue	<u>55,290</u>	<u>47,668</u>	<u>105,415</u>	<u>94,665</u>
Insurance benefits and losses incurred	33,647	31,807	65,560	63,732
Commissions and underwriting expenses	12,870	11,584	24,550	24,250
Interest expense	773	867	1,547	1,722
Other expense	3,784	4,259	8,507	8,316
Total benefits and expenses	<u>51,074</u>	<u>48,517</u>	<u>100,164</u>	<u>98,020</u>
Income (loss) before income taxes	<u>\$ 4,216</u>	<u>\$ (849)</u>	<u>\$ 5,251</u>	<u>\$ (3,355)</u>
Net income (loss)	<u>\$ 3,316</u>	<u>\$ (684)</u>	<u>\$ 4,118</u>	<u>\$ (2,682)</u>

In addition to measures of operating performance determined in accordance with GAAP, management also considers and evaluates performance by analyzing the non-GAAP measure operating income (loss). We define operating income (loss) as net income (loss) excluding: (i) income tax expense (benefit); (ii) realized investment (gains) losses, net; and (iii) unrealized (gains) losses on equity securities, net. Management believes operating income (loss) is a useful metric for investors, potential investors, securities analysts and others because it isolates the “core” operating results of the Company before considering certain items that are either beyond the control of management (such as taxes, which are subject to timing, regulatory and rate changes depending on the timing of the associated revenues and expenses) or are not expected to regularly impact the Company’s operational results (such as any realized and unrealized investment gains, which are not a part of the Company’s primary operations and are, to a limited extent, subject to discretion in terms of timing of realization).

A reconciliation of net income (loss) to operating income (loss) for the three month and six month periods ended June 30, 2025 and the comparable periods in 2024 is as follows:

Reconciliation of Non-GAAP Financial Measure	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Net income (loss)	\$ 3,316	\$ (684)	\$ 4,118	\$ (2,682)
Income tax expense (benefit)	900	(165)	1,133	(673)
Realized investment gains, net	(16)	(13)	(16)	(13)
Unrealized gains on equity securities, net	(2,609)	(243)	(3,376)	(129)
Non-GAAP operating income (loss)	<u>\$ 1,591</u>	<u>\$ (1,105)</u>	<u>\$ 1,859</u>	<u>\$ (3,497)</u>

On a consolidated basis, the Company had net income of \$3.3 million, or \$0.15 per diluted share, for the three month period ended June 30, 2025, compared to net loss of \$0.7 million, or \$(0.04) per diluted share, for the three month period ended June 30, 2024. The Company had net income of \$4.1 million, or \$0.19 per diluted share, for the six month period ended June 30, 2025, compared to net loss of \$2.7 million, or \$(0.14) per diluted share, for the six month period ended June 30, 2024. The increase in net income for the three month and six month periods ended June 30, 2025 was primarily the result of increases in premium revenue within the inland marine line of business in the property and casualty operations, as well as increases in the Medicare supplement and group accident and health lines of business within the life and health operations. Also contributing to the increase in net income was an increase in unrealized gains on equity securities during the three month and six month periods ended June 30, 2025. Also contributing to the increase in net income for the three month and six month periods ended June 30, 2025 was favorable development in the Medicare supplement line of business in the life and health operations.

For the three month period ended June 30, 2025, premium revenue increased \$5.2 million, or 11.5%, to \$50.1 million from \$45.0 million in the comparable period in 2024. For the six month period ended June 30, 2025, premium revenue increased \$7.5 million, or 8.4%, to \$97.1 million from \$89.5 million in the comparable period in 2024. The increase in premium revenue during the three month and six month periods ended June 30, 2025 was primarily attributable to increases in premium revenue in the inland marine line of business, as well as the automobile physical damage line of business, due to increases in premium writings in the property and casualty operations. Also contributing to the increase in premium revenue was increases in the Medicare supplement and group accident and health lines of business due to new sales within the life and health operations.

Operating income increased \$2.7 million in the three month period ended June 30, 2025 from the three month period ended June 30, 2024. For the six month period ended June 30, 2025, operating income increased \$5.4 million from the comparable period in 2024. The increase in operating income for the three month and six month periods ended June 30, 2025 was primarily the result of increases in premium revenue within the inland marine line of business in the property and casualty operations, as well as increases in the Medicare supplement and group accident and health lines of business within the life and health operations, as previously mentioned.

A more detailed analysis of the individual operating segments and other corporate activities follows.

American Southern

The following summarizes American Southern's premiums, losses, expenses and underwriting ratios for the three month and six month periods ended June 30, 2025 and the comparable periods in 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Gross written premiums	\$ 52,285	\$ 36,499	\$ 61,621	\$ 44,969
Ceded premiums	(1,495)	(1,508)	(3,077)	(2,958)
Net written premiums	<u>\$ 50,790</u>	<u>\$ 34,991</u>	<u>\$ 58,544</u>	<u>\$ 42,011</u>
Net earned premiums	\$ 21,141	\$ 17,544	\$ 39,472	\$ 35,422
Insurance benefits and losses incurred	16,013	14,228	30,610	27,041
Commissions and underwriting expenses	5,344	3,547	9,483	8,085
Underwriting income (loss)	<u>\$ (216)</u>	<u>\$ (231)</u>	<u>\$ (621)</u>	<u>\$ 296</u>
Loss ratio	75.7%	81.1%	77.5%	76.3%
Expense ratio	25.3	20.2	24.0	22.8
Combined ratio	<u>101.0%</u>	<u>101.3%</u>	<u>101.5%</u>	<u>99.1%</u>

Gross written premiums at American Southern increased \$15.8 million, or 43.3%, during the three month period ended June 30, 2025 and \$16.7 million, or 37.0%, during the six month period ended June 30, 2025, from the comparable periods in 2024. The increase in gross written premiums during the three month and six month periods ended June 30, 2025 was primarily attributable to an increase in premiums written in the automobile liability line of business due to the renewal of a program, which included a rate increase. Also contributing to the increase in gross written premiums were increases in premiums written in the inland marine line of business due to a new program written by an existing agency, as well as an increase in premiums written in the automobile physical damage line of business resulting from an increase in writings from existing agents.

Ceded premiums remained constant during the three month period ended June 30, 2025 and increased \$0.1 million, or 4.0%, during the six month period ended June 30, 2025, from the comparable periods in 2024. American Southern's ceded premiums are typically determined as a percentage of earned premiums and generally fluctuate as earned premiums subject to reinsurance increase or decrease or retentions levels change.

The following presents American Southern's net earned premiums by line of business for the three month and six month periods ended June 30, 2025 and the comparable periods in 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Automobile liability	\$ 12,160	\$ 10,728	\$ 21,999	\$ 21,652
Automobile physical damage	4,003	3,251	8,147	6,622
General liability	1,508	1,526	3,081	3,021
Surety	1,410	1,440	2,745	2,959
Inland marine	2,060	599	3,500	1,168
Total	<u>\$ 21,141</u>	<u>\$ 17,544</u>	<u>\$ 39,472</u>	<u>\$ 35,422</u>

Net earned premiums increased \$3.6 million, or 20.5%, during the three month period ended June 30, 2025, and \$4.1 million, or 11.4%, during the six month period ended June 30, 2025, over the comparable periods in 2024. The increase in net earned premiums during the three month period ended June 30, 2025 was mainly due to increases in earned premiums in the inland marine line of business, as well as the earning out of premium within the automobile liability line of business. The increase in net earned premiums during the six month period ended June 30, 2025 was primarily attributable to increases in earned premiums in the inland marine line of business, as well as the automobile physical damage line of business, due to increases in premium writings, as previously mentioned. Premiums are earned ratably over their respective policy terms, and therefore premiums earned in the current year are related to policies written during both the current year and immediately preceding year.

The performance of an insurance company is often measured by its combined ratio. The combined ratio represents the percentage of losses, loss adjustment expenses 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 and loss adjustment expenses incurred to premiums earned) and the expense ratio (the ratio of expenses incurred to premiums earned).

Insurance benefits and losses incurred at American Southern increased \$1.8 million, or 12.5%, during the three month period ended June 30, 2025, and \$3.6 million, or 13.2%, during the six month period ended June 30, 2025, over the comparable periods in 2024. As a percentage of earned premiums, insurance benefits and losses incurred were 75.7% in the three month period ended June 30, 2025, compared to 81.1% in the three month period ended June 30, 2024. For the six month period ended June 30, 2025, this ratio increased to 77.5% from 76.3% in the comparable period in 2024. The decrease in the loss ratio during the three month period ended June 30, 2025 was due to an increase in premium growth exceeding the increase in insurance benefits and losses incurred. The increase in the loss ratio during the six month period ended June 30, 2025 was mainly due to an increase in losses within the automobile physical damage line of business and the inland marine line of business.

Commissions and underwriting expenses increased \$1.8 million, or 50.7%, during the three month period ended June 30, 2025, and \$1.4 million, or 17.3% during the six month period ended June 30, 2025, over the comparable periods in 2024. As a percentage of earned premiums, underwriting expenses were 25.3% in the three month period ended June 30, 2025, compared to 20.2% in the three month period ended June 30, 2024. For the six month period ended June 30, 2025, this ratio increased to 24.0% from 22.8% in the comparable period in 2024. The increase in the expense ratio during the three month and six month periods ended June 30, 2025 was primarily due to American Southern's use of a variable commission structure with certain agents, which compensates the participating agents in relation to the loss ratios of the business they write. During periods in which the loss ratio decreases, commissions and underwriting expenses will generally increase, and conversely, during periods in which the loss ratio increases, commissions and underwriting expenses will generally decrease. During the three month and six month periods ended June 30, 2025, variable commissions at American Southern increased by \$1.2 million and \$0.7 million, respectively, from the comparable periods in 2024 due to favorable loss experience from accounts subject to variable commissions.

Bankers Fidelity

The following summarizes Bankers Fidelity's earned premiums, losses, expenses and underwriting ratios for the three month and six month periods ended June 30, 2025 and the comparable periods in 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(Dollars in thousands)			
Gross earned premiums	\$ 43,774	\$ 40,554	\$ 86,418	\$ 80,357
Ceded premiums	(14,769)	(13,105)	(28,831)	(26,234)
Net earned premiums	29,005	27,449	57,587	54,123
Insurance benefits and losses incurred	17,634	17,579	34,950	36,691
Commissions and underwriting expenses	9,588	10,430	20,333	20,776
Total expenses	27,222	28,009	55,283	57,467
Underwriting income (loss)	\$ 1,783	\$ (560)	\$ 2,304	\$ (3,344)
Loss ratio	60.8%	64.0%	60.7%	67.8%
Expense ratio	33.1	38.0	35.3	38.4
Combined ratio	93.9%	102.0%	96.0%	106.2%

Gross earned premiums increased \$3.2 million, or 7.9%, during the three month period ended June 30, 2025, and \$6.1 million, or 7.5%, during the six month period ended June 30, 2025, from the comparable periods in 2024. The increase in gross earned premiums was primarily attributable to the increase in gross earned premiums from the Medicare supplement line of business due primarily to the level of new business writings exceeding non-renewals, partially offset by lapses within the same line of business. Also contributing to the increase in gross earned premiums was an increase in gross earned premiums in the group accident and health line of business, resulting from new business sales.

Ceded premiums increased \$1.7 million, or 12.7%, during the three month period ended June 30, 2025, and \$2.6 million, or 9.9%, during the six month period ended June 30, 2025, from the comparable periods in 2024. The increase in ceded premiums was due to an increase in Medicare supplement premiums subject to reinsurance.

The following table summarizes, for the periods indicated, Bankers Fidelity's net earned premiums by line of business:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Medicare supplement	\$ 18,951	\$ 17,768	\$ 37,490	\$ 35,967
Group life	3,800	3,921	7,567	7,832
Individual life	1,331	1,465	2,904	2,875
Group accident and health	2,702	2,482	5,308	3,885
Other individual accident and health	2,221	1,813	4,318	3,564
Total	\$ 29,005	\$ 27,449	\$ 57,587	\$ 54,123

Net earned premium increased \$1.6 million, or 5.7%, during the three month period ended June 30, 2025, and \$3.5 million, or 6.4%, during the six month period ended June 30, 2025, over the comparable periods in 2024. The increase in net earned premiums was primarily attributable to increases in the Medicare supplement and group accident and health lines of business due to new sales as previously mentioned. Also contributing to the increase in net earned premiums was an increase in the other individual accident and health line of business due to new business growth.

Insurance benefits and losses incurred increased \$0.1 million, or 0.3%, during the three month period ended June 30, 2025, and decreased \$1.7 million, or 4.7%, during the six month period ended June 30, 2025, from the comparable periods in 2024. As a percentage of earned premiums, benefits and losses were 60.8% in the three month period ended June 30, 2025, compared to 64.0% in the three month period ended June 30, 2024. For the six month period ended June 30, 2025, this ratio decreased to 60.7% from 67.8% in the comparable period in 2024. The decrease in the loss ratio for the three month and six month periods ended June 30, 2025 was primarily due to lower utilization within the Medicare supplement line of business.

Commissions and underwriting expenses decreased \$0.8 million, or 8.1%, during the three month period ended June 30, 2025, and \$0.4 million, or 2.1%, during the six month period ended June 30, 2025, over the comparable periods in 2024. As a percentage of earned premiums, underwriting expenses were 33.1% in the three month period ended June 30, 2025, compared to 38.0% in the three month period ended June 30, 2024. For the six month period ended June 30, 2025, this ratio decreased to 35.3% from 38.4% in the comparable period in 2024. The decrease in the expense ratio for the three month and six month periods ended June 30, 2025 was mainly due to growth in premiums coupled with a decline in underwriting expenses, primarily from lower variable expenses related to the group lines of business.

Net Investment Income and Realized Gains

Investment income increased \$0.1 million, or 4.1%, during the three month period ended June 30, 2025, and remained constant during the six month period ended June 30, 2025, over the comparable periods in 2024. The increase in investment income in the three month period ended June 30, 2025, from the comparable periods in 2024, was primarily attributable to an increase in the equity in earnings from investments in the Company's limited partnerships and limited liability companies.

The Company had net realized investment gains of less than \$0.1 million during each of the three month and six month periods ended June 30, 2025, compared to net realized investment gains of less than \$0.1 million during each of the three month and six month periods ended June 30, 2024. The net realized investment gains during the three month and six month periods ended June 30, 2025 was due to the sale and redemption of several of the Company's investments in fixed maturity securities. The net realized investment gains during the three month and six month periods ended June 30, 2024 resulted primarily from the redemption of several of the Company's investments in fixed maturity securities. Management continually evaluates the Company's investment portfolio and makes adjustments for credit losses and/or divests investments as may be determined to be appropriate.

Unrealized Gains on Equity Securities

Investments in equity securities are measured at fair value at the end of the reporting period, with any changes in fair value reported in net income during the period. The Company recognized net unrealized gains on equity securities of \$2.6 million during the three month period ended June 30, 2025 and unrealized gains on equity securities of \$0.2 million during the three month period ended June 30, 2024. The Company recognized net unrealized gains on equity securities of \$3.4 million during the six month period ended June 30, 2025 and unrealized gains on equity securities of \$0.1 million during the six month period ended June 30, 2024. Changes in unrealized gains on equity securities for the applicable periods are the result of fluctuations in the market value of the Company's equity securities.

Interest Expense

Interest expense decreased \$0.1 million, or 10.8%, during the three month period ended June 30, 2025, and \$0.2 million, or 10.2%, during the six month period ended June 30, 2025, from the comparable periods in 2024. Changes in interest expense were primarily due to changes in the Secured Overnight Financing Rate ("SOFR") published by CME Group Benchmark Administration Limited, as the interest rates on the Company's outstanding junior subordinated deferrable interest debentures ("Junior Subordinated Debentures") and the revolving credit facility utilize SOFR as the reference rate.

Liquidity and Capital Resources

The primary 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. Current and expected patterns of claim frequency and severity may change from period to period but generally are expected to continue within historical ranges. The Company's primary sources of cash are written premiums, investment income and proceeds from the sale and maturity of its invested assets. The Company believes that, within each operating company, total invested assets will be sufficient to satisfy all policy liabilities and that cash inflows from investment earnings, future premium receipts and reinsurance collections will be adequate to fund the payment of claims and operating expenses as needed.

Cash flows at the Parent are derived from dividends, management fees, and tax-sharing payments, as described below, from the subsidiaries. The principal cash needs of the Parent are for the payment of operating expenses, the acquisition of capital assets and debt service requirements, as well as the repurchase of shares and payments of any dividends as may be authorized and approved by the Company's board of directors from time to time. At June 30, 2025, the Parent had approximately \$4.4 million of unrestricted cash and investments.

The Parent's insurance subsidiaries reported statutory net income of \$4.7 million for the six month period ended June 30, 2025, compared to statutory net loss of \$0.4 million for the six month period ended June 30, 2024. Statutory results are impacted by the recognition of all costs of acquiring business. In periods in which the Company's first year premiums increase, statutory results are generally lower than results determined under GAAP. Statutory results for the Company's property and casualty operations may differ from the Company's results of operations under GAAP due to the deferral of acquisition costs for financial reporting purposes. The Company's life and health operations' statutory results may differ from GAAP results primarily due to the deferral of acquisition costs for financial reporting purposes, as well as the use of different reserving methods.

Over 90% of the invested assets of the Parent's insurance subsidiaries are invested in marketable securities that can be converted into cash, if required; however, the use of such assets by the Company is limited by state insurance regulations. Dividend payments to a parent corporation by its wholly owned insurance subsidiaries are subject to annual limitations and are restricted to 10% of statutory surplus or statutory earnings before recognizing realized investment gains of the individual insurance subsidiaries. At June 30, 2025, American Southern had \$47.2 million of statutory capital and surplus and Bankers Fidelity had \$34.6 million of statutory capital and surplus. In 2025, dividend payments by the Parent's insurance subsidiaries in excess of \$6.3 million would require prior approval. Through June 30, 2025, the Parent received dividends of \$4.2 million from its subsidiaries.

The Parent provides certain administrative and other services to each of its insurance subsidiaries. The amounts charged to and paid by the subsidiaries include reimbursements for various shared services and other expenses incurred directly on behalf of the subsidiaries by the Parent. In addition, there is in place a formal tax-sharing agreement between the Parent and its insurance subsidiaries. As a result of the Parent's tax loss, it is anticipated that the tax-sharing agreement will continue to provide the Parent with additional funds from profitable subsidiaries to assist in meeting its cash flow obligations.

The Company has two statutory trusts which exist for the exclusive purpose of issuing trust preferred securities representing undivided beneficial interests in the assets of the trusts and investing the gross proceeds of the trust preferred securities in Junior Subordinated Debentures. The outstanding \$18.0 million and \$15.7 million of Junior Subordinated Debentures mature on December 4, 2032 and May 15, 2033, respectively, are callable quarterly, in whole or in part, only at the option of the Company, and have an interest rate of 3-month CME Term SOFR plus applicable tenor spread of 0.26161% plus an applicable margin. The margin ranges from 4.00% to 4.10%. At June 30, 2025, the effective interest rate was 8.64%. The obligations of the Company with respect to the issuances of the trust preferred securities represent a full and unconditional guarantee by the Parent of each trust's obligations with respect to the trust preferred securities. Subject to certain exceptions and limitations, the Company may elect from time to time to defer Junior Subordinated Debenture interest payments, which would result in a deferral of distribution payments on the related trust preferred securities. As of June 30, 2025, the Company has not made such an election.

The Company intends to pay its obligations under the Junior Subordinated Debentures using existing cash balances, dividend and tax-sharing payments from the operating subsidiaries, or from existing or potential future financing arrangements.

At June 30, 2025, the Company had 55,000 shares of Series D preferred stock ("Series D Preferred Stock") outstanding. All of the shares of Series D Preferred Stock are held by an affiliate of the Company's controlling shareholder. The outstanding shares of Series D Preferred Stock have a stated value of \$100 per share; accrue annual dividends at a rate of \$7.25 per share (payable in cash or shares of the Company's common stock at the option of the board of directors of the Company) and are cumulative. In certain circumstances, the shares of the Series D Preferred Stock may be convertible into an aggregate of approximately 1,378,000 shares of the Company's common stock, subject to certain adjustments and provided that such adjustments do not result in the Company issuing more than approximately 2,703,000 shares of common stock without obtaining prior shareholder approval; and are redeemable solely at the Company's option. The Series D Preferred Stock is not currently convertible. At June 30, 2025, the Company had accrued but unpaid dividends on the Series D Preferred Stock totaling \$0.2 million.

Bankers Fidelity Life Insurance Company ("BFLIC") is a member of the Federal Home Loan Bank of Atlanta ("FHLB"), for the primary purpose of enhancing financial flexibility. As a member, BFLIC can obtain access to low-cost funding and also receive dividends on FHLB stock. The membership arrangement provides for credit availability of five percent of statutory admitted assets, or approximately \$8.8 million, as of June 30, 2025. Additional FHLB stock purchases may be required based upon the amount of funds borrowed from the FHLB. As of June 30, 2025, BFLIC has pledged bonds having an amortized cost of \$9.0 million to the FHLB. BFLIC may be required to post additional acceptable forms of collateral for any borrowings that it makes in the future from the FHLB. As of June 30, 2025, BFLIC does not have any outstanding borrowings from the FHLB.

On May 12, 2021, the Company entered into a Revolving Credit Agreement with Truist Bank as the lender (the "Lender"). The Revolving Credit Agreement provides for an unsecured \$10.0 million revolving credit facility that originally matured on April 12, 2024. On March 22, 2024, the Company entered into a First Amendment (the "Amendment") to its Revolving Credit Agreement (as amended, the "Credit Agreement") with the Lender. The Amendment, among other things, (a) updates the interest rate provisions to memorialize that the Company pays interest on the unpaid principal balance of outstanding revolving loans at the Adjusted Term SOFR rate (as defined in the Credit Agreement), plus 2.00%, (b) extends the maturity date of the revolving credit facility to March 22, 2027, (c) requires the monthly payment of an unused commitment fee of 0.2% of the unused facility amount, and (d) requires that the Company maintain a consolidated net worth of not less than \$64.2 million. Except as modified by the Amendment, the existing terms of the original Credit Agreement remain in effect.

The Credit Agreement requires the Company to comply with certain covenants, including a debt to capital ratio that restricts the Company from incurring consolidated indebtedness that exceeds 35% of the Company's consolidated capitalization at any time and maintaining a minimum consolidated net worth, as previously mentioned. The Credit Agreement also contains customary representations and warranties and events of default. Events of default include, among others, (a) the failure by the Company to pay any amounts owed under the Credit Agreement when due, (b) the failure to perform and not timely remedy certain covenants, (c) a change in control of the Company and (d) the occurrence of bankruptcy or insolvency events. Upon an event of default, the Lender may, among other things, declare all obligations under the Credit Agreement immediately due and payable and terminate the revolving commitments. As of June 30, 2025 and December 31, 2024, the Company had outstanding borrowings, including accrued interest of \$4.0 million in each of the respective periods, under the Credit Agreement.

Cash and cash equivalents increased from \$35.6 million at December 31, 2024 to \$46.4 million at June 30, 2025. The increase in cash and cash equivalents during the six month period ended June 30, 2025 was primarily attributable to net cash provided by operating activities of \$8.6 million. Also contributing to the increase in cash and cash equivalents was net cash provided by investing activities of \$2.7 million primarily as a result of investment sales and maturity of securities exceeding investment purchases.

The Company believes that existing cash balances as well as the dividends, fees, and tax-sharing payments it expects to receive from its subsidiaries and, if needed, borrowings under its credit facilities or additional borrowings from financial institutions, 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.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934 (the “Exchange Act”) reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934). Based on that evaluation, management, including the Chief Executive Officer and Chief Financial Officer, concluded that disclosure controls and procedures were not effective as of that date due to the previously identified and unremediated material weakness in internal control over financial reporting described below.

Remediation of Material Weakness in Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company’s internal control over financial reporting system has been designed to provide reasonable assurance regarding the reliability and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management recognizes that there are inherent limitations in the effectiveness of any internal control system. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Furthermore, the application of any evaluations of effectiveness on future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As initially disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, we have previously identified certain deficiencies in internal control that we believe rise to the level of a material weakness. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, management determined that the design of the controls surrounding the process of reviewing insurance reserves and deferred acquisition costs within the Company’s life and health segment was not effective. This deficiency in design did not enable the timely detection of anomalies in these values at the level of precision necessary to detect misstated values that may be material.

Notwithstanding these deficiencies, management believes that, because of the actions taken by management in identifying, and the efforts that the Company has been taking to address and correct, these deficiencies prior to the completion and filing of relevant periodic reports, and the effective operation of other internal controls over financial reporting, the material weakness did not result in any identified material misstatements to our financial statements. Similarly, there were no changes to any of our historical financial statements.

The Company’s remediation efforts of the previously identified material weakness, which began in the quarter ended March 31, 2024, remained ongoing though the quarter ended June 30, 2025, and through the date hereof. The Company has made significant progress in its remediation efforts, and during the quarter ended June 30, 2025, management conducted a systematic review of the components of underwriting income for the Company’s Life and Medicare Supplement products. This review included independent calculations of actuarial values for these products using a comprehensive process that had been developed, tested, and implemented during the quarter ended December 31, 2024 for Life products, and implemented during the quarter ended June 20, 2025 for the Medicare Supplement product. Based on this review, management did not identify any material misstatement in the Company’s financial statements.

In furtherance of the remediation efforts, the Company has continued the development of a system to perform calculations independently of the actuarial models. This system is intended to verify that the product parameters and actuarial assumptions are properly reflected in the reported values. The Company’s whole life product has been implemented on the system, which was used to validate the actuarial values for this product as of December 31, 2024. Implementation of the Company’s individual life products and its Medicare Supplement product was completed during the quarter ended June 30, 2025. The Company currently expects that extensions of this system to accommodate the other product lines the Company offers will be operational by September 30, 2025. Full development and implementation of this system has required more time than previously anticipated due to unforeseen complexities inherent in the actuarial software systems used to calculate and report the actuarial values. These complexities have required additional effort to understand and to replicate in this system, and to complete the remediation process.

Changes in Internal Control Over Financial Reporting

Other than the remediation efforts described above, there were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

No system of controls, no matter how well designed and implemented, can provide absolute assurance that the objectives of the system of controls are met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues and any instances of fraud within a company have been detected.

PART II. OTHER INFORMATION**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On October 31, 2016, the Board of Directors of the Company approved a plan that allows for the repurchase of up to 750,000 shares of the Company's common stock (the "Repurchase Plan") on the open market or in privately negotiated transactions, as determined by an authorized officer of the Company. Any such repurchases can be made from time to time in accordance with applicable securities laws and other requirements.

During the three month period ending June 30, 2025 no purchases of common stock of the Company were made by or on behalf of the Company pursuant to the Repurchase Plan. The maximum number of shares that may yet be purchased under the Repurchase Plan was 325,129 as of June 30, 2025.

The table below sets forth information regarding repurchases by the Company of shares of its common stock on a monthly basis during the three month period ending June 30, 2025.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that may Yet be Purchased Under the Plans or Programs
April 1 – April 30, 2025	—	\$ —	—	325,129
May 1 – May 31, 2025	—	—	—	325,129
June 1 – June 30, 2025	—	—	—	325,129
Total	—	\$ —	—	

Item 5. Other Information

None of the Company's directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarter ended June 30, 2025, as such terms are defined under Item 408(a) of Regulation S-K.

Item 6. Exhibits

31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC AMERICAN CORPORATION

(Registrant)

Date: August 12, 2025

By: /s/ J. Ross Franklin

J. Ross Franklin
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Hilton H. Howell, Jr., certify that:

1. I have reviewed this report on Form 10-Q of Atlantic American Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2025

/s/ Hilton H. Howell, Jr.

Hilton H. Howell, Jr.
President and Chief Executive Officer

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Ross Franklin, certify that:

1. I have reviewed this report on Form 10-Q of Atlantic American Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2025

/s/ J. Ross Franklin

J. Ross Franklin
Vice President and
Chief Financial Officer

Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Atlantic American Corporation (the “Company”) for the quarterly period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies, that, to such officer’s knowledge:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date:
August 12, 2025

/s/ Hilton H. Howell, Jr.

Hilton H. Howell, Jr.
President and Chief Executive Officer

Date:
August 12, 2025

/s/ J. Ross Franklin

J. Ross Franklin
Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
