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 March 31, 2023

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	**58-1027114**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
4370 Peachtree Road, N.E., **Atlanta, Georgia**	**30319**
(Address of principal executive offices)	*(Zip Code)*

(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 June 12, 2023 was 20,404,699**.**

ATLANTIC AMERICAN CORPORATION

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EXPLANATORY NOTE

As disclosed in the Company's Form 12b-25 filed on April 3, 2023 and Form 12b-25 filed on May 22, 2023, the Company was unable to file its Annual Report on Form 10-K for the year ended December 31, 2022 (the "Form 10-K"), and its Quarterly Report on Form 10-Q for the three month period ended March 31, 2023 (this "Form 10-Q"), respectively, within the prescribed time periods because the Company required additional time to finalize its actuarial valuation procedures and related financial statement balances within the Company's life and health segment, Bankers Fidelity. The need for additional time resulted from a change in the systems used to perform the actuarial valuations, as further described below.

During the fourth quarter of 2022, Bankers Fidelity commenced a conversion of the actuarial valuation system for its Medicare Supplement line of business. In connection with the implementation of the new system, parallel valuation procedures were performed using the new system (the "New System") and were compared to the legacy system (the "Legacy System") for historical periods. As part of that process, the Company concluded that additional time was required in order to undertake and finalize analyses of the valuation procedures, assumptions and results, and the related financial statement balances. Due to the scope of the review and the time and effort required to complete the implementation of the New System and analyze the resulting valuations, the Company was unable to timely file the Form 10-K and this Form 10-Q.

After the Company completed the implementation of the New System and the associated valuation procedures and analyses during the first half of 2023, the Company was able to complete the preparation of its financial statements and the Form 10-K and this Form 10-Q, which are being filed concurrently on the date hereof, and there were no changes to any of the Company's historical financial statements. In connection with the foregoing, and the related evaluations of the Company's internal control over financial reporting, the Company's management identified certain deficiencies in internal control that management believes rise to the level of a material weakness, and management took steps to implement changes to remediate those deficiencies during the periods covered by the Form 10-K and this Form 10-Q, all as described under Part I, Item 4. "Controls and Procedures" in this Form 10-Q.

FORWARD-LOOKING STATEMENTS

This report contains and references certain information that constitutes forward-looking statements as that term is defined in the federal securities laws. Forward-looking statements are all statements other than those of historical fact. Such forward-looking statements are made based upon management's current assessments of various risks and uncertainties, as well as assumptions made in accordance with the "safe harbor" provisions of the federal securities laws. Forward-looking statements are inherently subject to various risks and uncertainties and the Company's actual results could differ materially from the results expressed in or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and other subsequent filings made by the Company from time to time with the Securities and Exchange Commission. In addition, other risks and uncertainties not known by us, or that we currently determine to not be material, may materially adversely affect our financial condition, results of operations or cash flows. The Company undertakes no obligation to update any forward-looking statement 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)

	Unaudited March 31, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	$ 13,548	$ 28,863
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost: $241,342 and $236,766; no allowance for credit losses)	218,038	208,729
Equity securities, at fair value (cost: $4,904 and $4,907)	9,181	11,562
Other invested assets (cost: $5,628 and $5,628)	5,372	5,386
Policy loans	1,792	1,759
Real estate	38	38
Investment in unconsolidated trusts	1,238	1,238
Total investments	235,659	228,712
Receivables:		
Reinsurance (net of allowance for uncollectible reinsurance of $69 and $0)	24,916	25,913
Insurance premiums and other (net of allowance for expected credit losses $197 and net of allowance for doubtful accounts $177)	11,555	15,386
Deferred income taxes, net	13,721	14,163
Deferred acquisition costs	42,259	42,281
Other assets	9,393	9,202
Intangibles	2,544	2,544
Total assets	$ 353,595	$ 367,064
LIABILITIES AND SHAREHOLDERS' EQUITY		
Insurance reserves and policyholder funds:		
Future policy benefits	$ 84,667	$ 85,564
Unearned premiums	19,400	28,348
Losses and claims	86,250	87,484
Other policy liabilities	926	1,255
Total insurance reserves and policyholder funds	191,243	202,651
Accounts payable and accrued expenses	21,235	26,473
Revolving credit facility	3,000	2,009
Junior subordinated debenture obligations, net	33,738	33,738
Total liabilities	249,216	264,871
Commitments and contingencies (Note 11)		
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: 20,404,699 and 20,407,229	22,401	22,401
Additional paid-in capital	57,425	57,425
Retained earnings	50,362	51,982
Accumulated other comprehensive income	(18,410)	(22,149)
Unearned stock grant compensation	(59)	(132)
Treasury stock, at cost: 1,996,195 and 1,993,665 shares	(7,395)	(7,389)
Total shareholders' equity	104,379	102,193
Total liabilities and shareholders' equity	$ 353,595	$ 367,064

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

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue:		
Insurance premiums, net	$ 46,100	$ 47,081
Net investment income	2,541	2,340
Realized investment losses, net	—	(10)
Unrealized gains (losses) on equity securities, net	(2,375)	2,193
Other income	3	4
Total revenue	46,269	51,608
Benefits and expenses:		
Insurance benefits and losses incurred	30,460	31,169
Commissions and underwriting expenses	12,918	12,836
Interest expense	750	354
Other expense	3,959	3,453
Total benefits and expenses	48,087	47,812
Income (loss) before income taxes	(1,818)	3,796
Income tax expense (benefit)	(372)	954
Net income (loss)	(1,446)	2,842
Preferred stock dividends	(99)	(99)
Net income (loss) applicable to common shareholders	$ (1,545)	$ 2,743
Earnings (loss) per common share (basic and diluted)	$ (0.08)	$ 0.13

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

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

	Three Months Ended March 31,	
	2023	2022
Net income (loss)	$ (1,446)	$ 2,842
Other comprehensive income (loss):		
Available-for-sale fixed maturity securities:		
Gross unrealized holding gains (losses) arising in the period	4,733	(21,813)
Related income tax effect	(994)	4,581
Subtotal	3,739	(17,232)
Less: reclassification adjustment for net realized losses included in net income (loss)	—	10
Related income tax effect	—	(3)
Subtotal	—	7
Total other comprehensive income (loss), net of tax	3,739	(17,225)
Total comprehensive income (loss)	$ 2,293	$ (14,383)

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

ATLANTIC AMERICAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited; In thousands except share and per share data)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Preferred stock:		
Balance, beginning of period	$ 55	$ 55
Balance, end of period	55	55
Common stock:		
Balance, beginning of period	22,401	22,401
Balance, end of period	22,401	22,401
Additional paid-in capital:		
Balance, beginning of period	57,425	57,441
Restricted stock grants, net of forfeitures	—	2
Balance, end of period	57,425	57,443
Retained earnings:		
Balance, beginning of period	51,982	51,264
Cumulative effect of adoption of updated accounting guidance for credit losses at January 1, 2023	(75)	—
Net income (loss)	(1,446)	2,842
Dividends on common stock	—	(408)
Dividends accrued on preferred stock	(99)	(99)
Balance, end of period	50,362	53,599
Accumulated other comprehensive income (loss):		
Balance, beginning of period	(22,149)	17,688
Other comprehensive income (loss), net of tax	3,739	(17,225)
Balance, end of period	(18,410)	463
Unearned Stock Grant Compensation:		
Balance, beginning of period	(132)	(73)
Restricted stock grants, net of forfeitures	—	(71)
Amortization of unearned compensation	73	27
Balance, end of period	(59)	(117)
Treasury Stock:		
Balance, beginning of period	(7,389)	(7,490)
Restricted stock grants, net of forfeitures	—	69
Net shares acquired related to employee share-based compensation plans	(6)	—
Balance, end of period	(7,395)	(7,421)
Total shareholders' equity	$ 104,379	$ 126,423
Dividends declared on common stock per share	$ 0.02	$ 0.02
Common shares outstanding:		
Balance, beginning of period	20,407,229	20,378,576
Net shares acquired under employee share-based compensation plans	(2,530)	—
Restricted stock grants, net of forfeitures	—	25,000
Balance, end of period	20,404,699	20,403,576

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)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (1,446)	$ 2,842
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Amortization of (additions to) acquisition costs, net	22	(1,177)
Realized investment losses, net	—	10
Unrealized losses (gains) on equity securities, net	2,375	(2,193)
Losses (earnings) from equity method investees	15	(2)
Compensation expense related to share awards	73	27
Depreciation and amortization	188	240
Deferred income tax (benefit) expense	(552)	886
Decrease in receivables, net	4,828	3,789
Decrease in insurance reserves and policyholder funds	(11,408)	(10,226)
Decrease in accounts payable and accrued expenses	(5,338)	(2,676)
Other, net	(367)	473
Net cash used in operating activities	(11,610)	(8,007)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investments sold	9	44
Proceeds from investments matured, called or redeemed	1,769	3,875
Investments purchased	(6,418)	(5,052)
Additions to property and equipment	(59)	(1)
Net cash used in investing activities	(4,699)	(1,134)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Treasury stock acquired — net employee share-based compensation	(6)	—
Proceeds from revolving credit facility, net	1,000	—
Net cash provided by financing activities	994	—
Net decrease in cash and cash equivalents	(15,315)	(9,141)
Cash and cash equivalents at beginning of period	28,863	24,753
Cash and cash equivalents at end of period	$ 13,548	$ 15,612
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 759	$ 346

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

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

Note 1. Basis of Presentation

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, 2022 (the “2022 Annual Report”). The Company’s financial condition and results of operations and cash flows as of and for the three month period ended March 31, 2023 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, 2023 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.

Note 2. Recently Issued Accounting Standards

Adoption of New Accounting Standards

Financial Instruments – Credit Losses. In June 2016, the FASB issued accounting standards update (“ASU”) No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). The updated guidance applies a new credit loss model (current expected credit losses or CECL) for determining credit-related impairments for financial instruments measured at amortized cost (including reinsurance recoverables, premium and other receivables) and requires an entity to estimate the credit losses expected over the life of an exposure or pool of exposures. The estimate of expected credit losses should consider historical information, current information, as well as reasonable and supportable forecasts, including estimates of prepayments. The expected credit losses, and subsequent adjustments to such losses, are recorded through an allowance account that is deducted from the amortized cost basis of the financial asset, with the net carrying value of the financial asset presented on the consolidated balance sheet at the amount expected to be collected.

The updated guidance also amends the previous other-than-temporary impairment model for available-for-sale debt securities by requiring the recognition of impairments relating to credit losses through an allowance account and limits the amount of credit loss to the difference between a security’s amortized cost basis and its fair value. In addition, the length of time a security has been in an unrealized loss position will no longer impact the determination of whether a credit loss exists.

The Company adopted the updated guidance as of January 1, 2023. The updated guidance was applied by a cumulative effect adjustment to the opening balance of retained earnings as of January 1, 2023, the beginning of the period of adoption. The adoption of this guidance resulted in the recognition of an after-tax cumulative effect adjustment of $0.1 million to reflect the impact of recognizing expected credit losses, as compared to incurred credit losses recognized under the previous guidance. This adjustment is primarily associated with reinsurance recoverables, premium and other receivables. The cumulative effect adjustment decreased retained earnings as of January 1, 2023 and increased the allowance for estimated uncollectible reinsurance.

Impact of Adoption on Condensed Consolidated Balance Sheet

Reinsurance Recoverables

The following table presents the balances of reinsurance recoverables, net of the allowance for estimated uncollectible reinsurance, at January 1, 2023 and March 31, 2023, and the changes in the allowance for estimated uncollectible reinsurance for the three months ended March 31, 2023.

	At and for the three months ended, March 31, 2023	
(in thousands)	Reinsurance Recoverables, Net of Allowance for Estimated Uncollectible Reinsurance	Allowance for Estimated Uncollectible Reinsurance
Balance, beginning of period	**$ 25,913**	**$ —**
Cumulative effect of adoption of updated accounting guidance for credit losses at January 1, 2023	—	75
Current period change for estimated uncollectible reinsurance	—	(6)
Write-offs of uncollectible reinsurance recoverables	—	—
Balance, end of period	**$ 24,916**	**$ 69**

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 January 1, 2023 and March 31, 2023, and the changes in the allowance for doubtful accounts/expected credit losses for the three months ended March 31, 2023.

	At and for the three months ended, March 31, 2023	
(in thousands)	Insurance Premiums and Other, Net of Expected Credit Losses	Allowance for Doubtful Accounts/Expected Credit Losses
Balance, beginning of period	**$ 15,386**	**$ 177**
Cumulative effect of adoption of updated accounting guidance for credit losses at January 1, 2023	—	—
Current period change for expected credit losses	—	20
Write-offs of uncollectible insurance premiums and other receivables	—	—
Balance, end of period	**$ 11,555**	**$ 197**

Future Adoption of New Accounting Standards

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 2022 Annual Report.

Accounting Policies

The following accounting policies have been updated to reflect the Company's adoption of Financial Instruments - Credit Losses, as described above.

Credit Impairments of Fixed Maturities

The Company's investments in fixed maturities, which include bonds and redeemable preferred stocks, are classified as "available-for-sale" and, accordingly, are carried at fair value with the after-tax difference from amortized cost, less Allowance for Credit Losses ("ACL"), as adjusted if applicable, reflected in shareholders' equity as a component of accumulated other comprehensive income or loss. The Company's equity securities, which include common and non-redeemable preferred stocks, are carried at fair value with changes in fair value reported in net income. The fair values of fixed maturities and equity securities are largely determined from publicly quoted market prices, when available, or independent broker quotations. Values that are not determined using quoted market prices inherently involve a greater degree of judgment and uncertainty and therefore ultimately greater price volatility than the value of securities with publicly quoted market prices.

Prior to January 1, 2023, the Company applied other than temporary impairment ("OTTI") guidance for securities in an unrealized loss position. An OTTI was recognized in earnings within realized investment gains (losses) when it was anticipated that the amortized cost would not be recovered. When either: (i) the Company had the intent to sell the security, or (ii) it was more likely than not that the Company would be required to sell the security before recovery, the reduction of amortized cost and the OTTI recognized in earnings was the entire difference between the security's amortized cost and estimated fair value. If neither of these conditions existed, the difference between the amortized cost of the security and the present value of projected future cash flows expected to be collected was recognized as a reduction of amortized cost and an OTTI in earnings. If the estimated fair value was less than the present value of projected future cash flows expected to be collected, this portion of the decline in value related to other-than-credit factors was recorded in OCI.

On January 1, 2023, the Company adopted ASU 2016-13 using a modified retrospective approach. Under ASU 2016-13, for securities in an unrealized loss position, a credit loss is recognized in earnings within realized investment gains (losses) when it is anticipated that the amortized cost will not be recovered. When either: (i) the Company has the intent to sell the security; or (ii) it is more likely than not that the Company will be required to sell the security before recovery, the reduction of amortized cost and the loss recognized in earnings is the entire difference between the security's amortized cost and estimated fair value. If neither of these conditions exists, the difference between the amortized cost of the security and the present value of projected future cash flows expected to be collected is recognized as a credit loss by establishing an ACL with a corresponding charge to earnings in realized investment gains (losses). However, the ACL is limited by the amount that the fair value is less than the amortized cost. This limitation is known as the "fair value floor." If the estimated fair value is less than the present value of projected future cash flows expected to be collected, this portion of the decline in value related to other-than-credit factors ("noncredit loss") is recorded in OCI.

Reinsurance Recoverables

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

Amounts currently recoverable under reinsurance agreements are included in reinsurance receivables and amounts currently payable are included in other liabilities. Assets and liabilities relating to reinsurance agreements with the same reinsurer may be recorded net on the balance sheet, if a right of offset exists within the reinsurance agreement. In the event that reinsurers do not meet their obligations to the Company under the terms of the reinsurance agreements, reinsurance recoverable balances could become uncollectible. In such instances, reinsurance recoverable balances are stated net of allowances for uncollectible reinsurance.

Insurance Premiums and Other Receivables

Receivables amounts due from insureds and agents are evaluated periodically for collectibility. Allowances for expected credit losses are established, as and when a loss has been determined probable, against the related receivable. An allowance for expected credit loss is recognized by the Company when determined on a specific account basis and a general provision for loss is made based on the Company's historical and expected experience.

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 March 31, 2023 and December 31, 2022.

Fixed maturities were comprised of the following:

	March 31, 2023				
	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	$ 49,729	$ 25	$ 5,324	$ —	$ 55,028
Obligations of states and political subdivisions	9,545	30	1,367	—	10,882
Corporate securities:					
Utilities and telecom	22,747	230	2,744	—	25,261
Financial services	59,765	456	6,422	—	65,731
Other business – diversified	32,176	225	3,620	—	35,571
Other consumer – diversified	43,844	52	4,884	—	48,676
Total corporate securities	158,532	963	17,670	—	175,239
Redeemable preferred stocks:					
Other consumer – diversified	232	39	—	—	193
Total redeemable preferred stocks	232	39	—	—	193
Total fixed maturities	$ 218,038	$ 1,057	$ 24,361	$ —	$ 241,342

	December 31, 2022			
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Cost or Amortized Cost
Fixed maturities:				
Bonds:				
U.S. Treasury securities and obligations of U.S. Government agencies and authorities	$ 44,412	$ 5	$ 5,926	$ 50,333
Obligations of states and political subdivisions	9,187	4	1,702	10,885
Corporate securities:				
Utilities and telecom	22,090	120	3,299	25,269
Financial services	59,054	397	7,085	65,742
Other business – diversified	31,058	161	4,689	35,586
Other consumer – diversified	42,705	35	6,089	48,759
Total corporate securities	154,907	713	21,162	175,356
Redeemable preferred stocks:				
Other consumer – diversified	223	31	—	192
Total redeemable preferred stocks	223	31	—	192
Total fixed maturities	$ 208,729	$ 753	$ 28,790	$ 236,766

Bonds having an amortized cost of $11,576 and $12,333 and included in the tables above were on deposit with insurance regulatory authorities as of March 31, 2023 and December 31, 2022, respectively, in accordance with statutory requirements. Additionally, bonds having an amortized cost of $7,761 and $7,221 and included in the tables above were pledged as collateral to the Federal Home Loan Bank of Atlanta (“FHLB”) at March 31, 2023 and December 31, 2022, respectively.

Equity securities were comprised of the following:

	March 31, 2023			
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Cost or Amortized Cost
Equity securities:				
Common and non-redeemable preferred stocks:				
Financial services	$ 768	$ 497	$ —	$ 271
Other business – diversified	8,413	3,780	—	4,633
Total equity securities	$ 9,181	$ 4,277	$ —	$ 4,904

	December 31, 2022			
	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Cost or Amortized Cost
Equity securities:				
Common and non-redeemable preferred stocks:				
Financial services	$ 790	$ 516	$ —	$ 274
Other business – diversified	10,772	6,139	—	4,633
Total equity securities	$ 11,562	$ 6,655	$ —	$ 4,907

The carrying value and amortized cost of the Company's investments in fixed maturities at March 31, 2023 and December 31, 2022 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.

	March 31, 2023		December 31, 2022	
	Carrying Value	Amortized Cost	Carrying Value	Amortized Cost
Due in one year or less	$ 2,615	$ 2,625	$ 3,776	$ 3,797
Due after one year through five years	54,206	56,694	40,150	42,174
Due after five years through ten years	39,358	43,465	44,044	49,711
Due after ten years	85,702	97,844	87,719	103,095
Asset backed securities	36,157	40,714	33,040	37,989
Totals	$ 218,038	$ 241,342	$ 208,729	$ 236,766

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 March 31, 2023 and December 31, 2022.

	March 31, 2023					
	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	$ 9,917	$ 227	$ 35,838	$ 5,097	$ 45,755	$ 5,324
Obligations of states and political subdivisions	—	—	5,991	1,367	5,991	1,367
Corporate securities	21,274	525	125,555	17,145	146,829	17,670
Total temporarily impaired securities	$ 31,191	$ 752	$ 167,384	$ 23,609	$ 198,575	$ 24,361

	December 31, 2022					
	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	$ 23,763	$ 2,410	$ 19,259	$ 3,516	$ 43,022	$ 5,926
Obligations of states and political subdivisions	8,183	1,702	—	—	8,183	1,702
Corporate securities	127,928	16,214	14,514	4,948	142,442	21,162
Total temporarily impaired securities	$ 159,874	$ 20,326	$ 33,773	$ 8,464	$ 193,647	$ 28,790

Analysis of Securities in Unrealized Loss Positions

As of March 31, 2023 and December 31, 2022, there were 243 and 237 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 recent rise in interest rates, 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 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 (NRSROs), 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, and 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 ACL on its available-for-sale fixed maturities as of March 31, 2023.

The following table is a summary of realized investment gains (losses) for the three month period ended March 31, 2023 and 2022.

	Three Months Ended March 31, 2023			
	Fixed Maturities	Equity Securities	Other Invested Assets	Total
Gains	$ —	$ —	$ —	$ —
Losses	—	—	—	—
Realized investment losses, net	$ —	$ —	$ —	$ —

	Three Months Ended March 31, 2022			
	Fixed Maturities	Equity Securities	Other Invested Assets	Total
Gains	$ —	$ —	$ —	$ —
Losses	(10)	—	—	(10)
Realized investment gains, net	$ (10)	$ —	$ —	$ (10)

The following table presents the portion of unrealized gains (losses) related to equity securities still held for the three month period ended March 31, 2023 and 2022.

	Three Months Ended March 31,	
	2023	2022
Net realized and unrealized gains (losses) recognized during the period on equity securities	$ (2,375)	$ 2,193
Less: Net realized gains recognized during the period on equity securities sold during the period	—	—
Unrealized gains (losses) recognized during the reporting period on equity securities, net	$ (2,375)	$ 2,193

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 partnerships and 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 $5,372 and $5,386 as of March 31, 2023 and December 31, 2022, respectively. The Company's VIE interests, carried as a part of investment in unconsolidated trusts, totaled $1,238 as of March 31, 2023 and December 31, 2022.

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 has no arrangements with any of the VIEs to provide other financial support to or on behalf of 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 $6,610 and $6,624, as of March 31, 2023 and December 31, 2022, respectively. As of March 31, 2023 and December 31, 2022, the Company had outstanding commitments totaling $5,872, 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 significantly 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, 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 March 31, 2023 and December 31, 2022, the value of the equity security valued using Level 3 criteria was $154 and $156, respectively. The equity security is not traded and is valued at cost. The use of different criteria or assumptions regarding data may have yielded materially different valuations.

As of March 31, 2023, 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	$ —	$ 218,038	$ —	$ 218,038
Equity securities	9,027	—	154	9,181
Cash equivalents	9,884	—	—	9,884
Total	$ 18,911	$ 218,038	$ 154	$ 237,103

As of December 31, 2022, 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	$ —	$ 208,729	$ —	$ 208,729
Equity securities	11,406	—	156	11,562
Cash equivalents	18,861	—	—	18,861
Total	$ 30,267	$ 208,729	$ 156	$ 239,152

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 March 31, 2023 and December 31, 2022.

	Level in Fair Value Hierarchy (1)	March 31, 2023		December 31, 2022	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets:					
Cash and cash equivalents	Level 1	$ 13,548	$ 13,548	$ 28,863	$ 28,863
Fixed maturities	(1)	218,038	218,038	208,729	208,729
Equity securities	(1)	9,181	9,181	11,562	11,562
Other invested assets	Level 3	5,372	5,372	5,386	5,386
Policy loans	Level 2	1,792	1,792	1,759	1,759
Investment in unconsolidated trusts	Level 2	1,238	1,238	1,238	1,238
Liabilities:					
Junior subordinated debentures, net	Level 2	33,738	33,585	33,738	33,810
Revolving credit facility	Level 2	3,000	3,000	2,009	2,009

(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.

Note 5. 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 is five years from the effective date with a renewal term of an additional 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 ten year term of the hosting arrangement, when the software is substantially ready for its intended use. The Company incurred and capitalized implementation costs of $592 and $8 during the three months ended March 31, 2023 and 2022, respectively. As a result, the Company has capitalized $3,614 in implementation costs in other assets within its condensed consolidated balance sheet as of March 31, 2023. The Company expects the software will be substantially ready for its intended use in the three months ended September 30, 2023. Accordingly, the Company has not recorded any amortization expense related to software implementation costs for the three months ended March 31, 2023.

Note 6. Insurance Reserves for Losses and Claims

The roll-forward of insurance reserves for losses and claims for the three months ended March 31, 2023 and 2022 is as follows:

	Three Months Ended March 31,	
	2023	2022
Beginning insurance reserves for losses and claims, gross	$ 87,484	$ 85,620
Less: Reinsurance recoverable on unpaid losses	(17,647)	(17,690)
Beginning insurance reserves for losses and claims, net	69,837	67,930
Incurred related to:		
Current accident year	30,836	32,542
Prior accident year development (1)	(638)(2)	(1,523)(3)
Total incurred	30,198	31,019
Paid related to:		
Current accident year	9,174	10,629
Prior accident years	21,504	19,966
Total paid	30,678	30,595
Ending insurance reserves for losses and claims, net	69,357	68,354
Plus: Reinsurance recoverable on unpaid losses	16,893	16,881
Ending insurance reserves for losses and claims, gross	$ 86,250	$ 85,235

(1) In establishing property and casualty reserves, the Company initially reserves for losses at the higher end of the reasonable range if no other value within the range is determined to be more probable. Selection of such an initial loss estimate is an attempt by management to give recognition that initial claims information received generally is not conclusive with respect to legal liability, is generally not comprehensive with respect to magnitude of loss and generally, based on historical experience, will develop more adversely as time passes and more information becomes available. Accordingly, the Company generally experiences reserve redundancies when analyzing the development of prior year losses in a current period.

(2) Prior years' development was primarily the result of favorable development in the property and casualty operations, as well as favorable development in the Medicare supplement line of business in the life and health operations.

(3) Prior years' development was primarily the result of favorable development in both the life and health and the property and casualty operations.

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

	Three Months Ended March 31,	
	2023	2022
Total incurred losses	$ 30,198	$ 31,019
Cash surrender value and matured endowments	257	362
Benefit reserve changes	5	(212)
Total insurance benefits and losses incurred	$ 30,460	$ 31,169

Note 7. Credit Arrangements

The Company is preparing for the expected discontinuation of LIBOR by identifying, assessing and monitoring risks associated with LIBOR transition. Preparation includes taking steps to update operational processes to support alternative reference rates and models, as well as evaluating legacy contracts for any changes that may be required, including the determination of applicable fallbacks.

Bank Debt

On May 12, 2021, the Company entered into a Revolving Credit Agreement (the "Credit Agreement") with Truist Bank as the lender (the "Lender"). The Credit Agreement provides for an unsecured $10,000 revolving credit facility that matures on April 12, 2024. Under the Credit Agreement, the Company will pay interest on the unpaid principal balance of outstanding revolving loans at the LIBOR Rate (as defined in the Credit Agreement) plus 2.00%, subject to a LIBOR floor rate of 1.00%.

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. 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 March 31, 2023, the Company had outstanding borrowings of $3,000 under the Credit Agreement.

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 Atlantic American; and (iii) engaging in those activities necessary or incidental thereto.

The financial structure of each of Atlantic American Statutory Trust I and II as of March 31, 2023 was as follows:

	Atlantic American Statutory Trust I	Atlantic American Statutory Trust II
JUNIOR SUBORDINATED DEBENTURES (1) (2)		
Principal amount owed March 31, 2023	$ 18,042	$ 23,196
Less: Treasury debt (3)	—	(7,500)
Net balance March 31, 2023	$ 18,042	$ 15,696
Net balance December 31, 2022	$ 18,042	$ 15,696
Coupon rate	LIBOR + 4.00%	LIBOR + 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	LIBOR + 4.00%	LIBOR + 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 8. 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 March 31, 2023		
	Loss	Weighted Average Shares (In thousands)	Per Share Amount
Basic and Diluted Loss Per Common Share:			
Net loss	$ (1,446)	20,407	
Less preferred stock dividends	(99)	—	
Net loss applicable to common shareholders	$ (1,545)	20,407	$ (0.08)

	Three Months Ended March 31, 2022		
	Income	Weighted Average Shares (In thousands)	Per Share Amount
Basic Earnings Per Common Share:			
Net income	$ 2,842	20,380	
Less preferred stock dividends	(99)	—	
Net income applicable to common shareholders	2,743	20,380	$ 0.13
Diluted Earnings Per Common Share:			
Effect of Series D preferred stock	99	1,378	
Net income applicable to common shareholders	$ 2,842	21,758	$ 0.13

The assumed conversion of the Company's Series D preferred stock was excluded from the loss per common share calculation for three month period ended March 31, 2023, since its impact would have been antidilutive.

Note 9. 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 March 31,	
	2023	2022
Federal income tax provision at statutory rate of 21%	$ (382)	$ 797
Dividends-received deduction	(7)	(6)
Meals and entertainment	12	10
Vested stock and club dues	1	—
Parking disallowance	4	4
Penalties and fines	—	149
Income tax expense (benefit)	$ (372)	$ 954

The components of income tax expense (benefit) were:

	Three Months Ended March 31,	
	2023	2022
Current – Federal	$ 180	$ 68
Deferred – Federal	(552)	886
Total	$ (372)	$ 954

Note 10. Leases

The Company has two operating lease agreements, each for the use of office space in the ordinary course of business. The first lease renews annually on an automatic basis and based on original assumptions, management is reasonably certain to exercise the renewal option through 2026. 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 three months ended March 31, 2023 and March 31, 2022 was $254.

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

	Three Months Ended March 31,	
Other information on operating leases:	2023	2022
Cash payments included in the measurement of lease liabilities reported in operating cash flows	$ 260	$ 255
Right-of-use assets included in other assets on the condensed consolidated balance sheet	3,213	3,963
Weighted average discount rate	6.8%	6.8%
Weighted average remaining lease term in years	3.6 years	4.6 years

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

	Lease Liability
Remainder of 2023	$ 789
2024	1,065
2025	1,083
2026	942
2027	—
Thereafter	—
Total undiscounted lease payments	3,879
Less: present value adjustment	455
Operating lease liability included in accounts payable and accrued expenses on the condensed consolidated balance sheet	$ 3,424

As of March 31, 2023, the Company has no operating leases that have not yet commenced.

Note 11. 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 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 November 2021, the Company was made aware by a state regulatory authority of alleged violations relating to certain sales of insurance policies and that the Company may be subject to regulatory action, including fines. The Company agreed to settle the matter through a consent order which included a penalty that was recorded in the financial statements in March 2022.

Note 12. Segment Information

The Parent's primary insurance subsidiaries, American Southern and Bankers Fidelity, operate in two principal business units, each focusing on specific products. American Southern operates in the property and casualty insurance market, while Bankers Fidelity operates in the life and health insurance market. Each business unit is managed independently and is evaluated on its individual performance. The following sets forth the assets, revenue and income (loss) before income taxes for each business unit as of and for the periods ended 2023 and 2022.

Assets	March 31, 2023	December 31, 2022
American Southern	$ 193,215	$ 144,455
Bankers Fidelity	134,246	195,028
Corporate and Other	26,134	27,581
Total assets	$ 353,595	$ 367,064

	Three Months Ended March 31,	
Revenues	2023	2022
American Southern	$ 28,190	$ 18,506
Bankers Fidelity	18,200	32,889
Corporate and Other	(121)	213
Total revenue	$ 46,269	$ 51,608

	Three Months Ended March 31,	
Income (Loss) Before Income Taxes	2023	2022
American Southern	$ (330)	$ 2,085
Bankers Fidelity	1,352	3,451
Corporate and Other	(2,840)	(1,740)
Income (loss) before income taxes	$ (1,818)	$ 3,796

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 three month period ended March 31, 2023. 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, 2022 (the "2022 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 2022 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 2022 Annual Report.

Overall Corporate Results

The following presents the Company's revenue, expenses and net income (loss) for the three month period ended March 31, 2023 and the comparable period in 2022:

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Insurance premiums, net	$ 46,100	$ 47,081
Net investment income	2,541	2,340
Realized investment losses, net	—	(10)
Unrealized gains (losses) on equity securities, net	(2,375)	2,193
Other income	3	4
Total revenue	46,269	51,608
Insurance benefits and losses incurred	30,460	31,169
Commissions and underwriting expenses	12,918	12,836
Interest expense	750	354
Other expense	3,959	3,453
Total benefits and expenses	48,087	47,812
Income (loss) before income taxes	$ (1,818)	$ 3,796
Net income (loss)	$ (1,446)	$ 2,842

Management also considers and evaluates performance by analyzing the non-GAAP measure operating income (loss), and believes it 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 period ended March 31, 2023 and the comparable period in 2022 is as follows:

Reconciliation of Non-GAAP Financial Measure	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
	(In thousands)	
Net income (loss)	$ (1,446)	$ 2,842
Income tax expense (benefit)	(372)	954
Realized investment losses, net	—	10
Unrealized (gains) losses on equity securities, net	2,375	(2,193)
Non-GAAP operating income (loss)	$ 557	$ 1,613

On a consolidated basis, the Company had net loss of $1.4 million, or $(0.08) per diluted share, for the three month period ended March 31, 2023, compared to net income of $2.8 million, or $0.13 per diluted share, for the three month period ended March 31, 2022. The decrease in net income for the first quarter of 2023 was primarily the result of a $4.6 million decrease in unrealized gains on equity securities due to fluctuations in market values. Premium revenue for the three month period ended March 31, 2023 decreased $1.0 million, or 2.1%, to $46.1 million from $47.1 million in the three month period ended March 31, 2022. The decrease in premium revenue was primarily attributable to a decrease in the Medicare supplement insurance premiums in the life and health operations. Also contributing to this decrease in premium revenue was a decrease in the automobile physical damage line of business in the property and casualty operations.

Operating income decreased $1.1 million in the three month period ended March 31, 2023 from the three month period ended March 31, 2022. The decrease in operating income was primarily due to unfavorable loss experience in the property and casualty operations due to an increase in the frequency and severity of claims within the automobile liability line of business.

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 period ended March 31, 2023 and the comparable period in 2022:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
	(Dollars in thousands)	
Gross written premiums	$ 9,430	$ 11,558
Ceded premiums	(1,497)	(1,617)
Net written premiums	$ 7,933	$ 9,941
Net earned premiums	$ 17,211	$ 17,343
Insurance benefits and losses incurred	12,660	10,478
Commissions and underwriting expenses	4,189	5,943
Underwriting income	$ 362	$ 922
Loss ratio	73.6%	60.4%
Expense ratio	24.3	34.3
Combined ratio	97.9%	94.7%

Gross written premiums at American Southern decreased $2.1 million, or 18.4%, during the three month period ended March 31, 2023 from the comparable period in 2022. The decrease in gross written premiums was primarily attributable to a decrease in premiums written in the automobile physical damage line of business due to a reduction in the number of agencies. Partially offsetting the decrease in gross written premiums was an increase in premiums written in the automobile liability line of business due to price increases in certain programs.

Ceded premiums decreased $0.1 million, or 7.4%, during the three month period ended March 31, 2023 from the comparable period in 2022. American Southern's ceded premiums are typically determined as a percentage of earned premiums and generally increase or decrease as earned premiums increase or decrease.

The following presents American Southern's net earned premiums by line of business for the three month period ended March 31, 2023 and the comparable period in 2022:

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Automobile liability	$ 9,320	$ 7,625
Automobile physical damage	4,247	6,023
General liability	1,432	1,429
Surety	1,565	1,465
Other lines	647	801
Total	$ 17,211	$ 17,343

Net earned premiums decreased $0.1 million, or 0.8%, during the three month period ended March 31, 2023 over the comparable period in 2022. The decrease in net earned premiums was primarily attributable to a decrease in earned premiums in the automobile physical damage line of business due to a reduction in the number of agencies as previously mentioned, partially offset by the increase in the automobile liability line of business. 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 $2.2 million, or 20.8%, during the three month period ended March 31, 2023 over the comparable period in 2022. As a percentage of earned premiums, insurance benefits and losses incurred were 73.6% in the three month period ended March 31, 2023, compared to 60.4% in the three month period ended March 31, 2022. The increase in the loss ratio during the three month period ended March 31, 2023 was primarily due to an increase in the frequency and severity of claims in the automobile liability line of business, as well as in the surety line of business. Partially offsetting the increase in the loss ratio was a decrease in losses related to the automobile physical damage line of business due to a decrease in exposure.

Commissions and underwriting expenses decreased $1.8 million, or 29.5%, during the three month period ended March 31, 2023, over the comparable period in 2022. As a percentage of earned premiums, underwriting expenses were 24.3% in the three month period ended March 31, 2023, compared to 34.3% in the three month period ended March 31, 2022. The decrease in the expense ratio during the three month period ended March 31, 2023 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 period ended March 31, 2023, variable commissions at American Southern decreased by $1.1 million from the comparable period in 2022 due to more unfavorable 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 period ended March 31, 2023 and the comparable period in 2022:

	Three Months Ended March 31,	
	2023	2022
	(Dollars in thousands)	
Medicare supplement	$ 34,252	$ 37,971
Other health products	3,278	2,973
Life insurance	5,568	4,517
Gross earned premiums	43,098	45,461
Ceded premiums	(14,209)	(15,723)
Net earned premiums	28,889	29,738
Insurance benefits and losses incurred	17,800	20,691
Commissions and underwriting expenses	10,720	8,746
Total expenses	28,520	29,437
Underwriting income	$ 369	$ 301
Loss ratio	61.6%	69.6%
Expense ratio	37.1	29.4
Combined ratio	98.7%	99.0%

Net earned premium revenue at Bankers Fidelity decreased $0.8 million, or 2.9%, during the three month period ended March 31, 2023, from the comparable period in 2022. Gross earned premiums from the Medicare supplement line of business decreased $3.7 million, or 9.8%, during the three month period ended March 31, 2023, due primarily to non-renewals exceeding the level of new business writings. Other health product premiums increased $0.3 million, or 10.3%, during the three month period ended March 31, 2023, over the comparable period in 2022, primarily as a result of new sales of the company's group health products and individual cancer product. Gross earned premiums from the life insurance line of business increased $1.1 million, or 23.3%, during the three month period ended March 31, 2023 over the comparable period in 2022 due to an increase in the group life products premium. Partially offsetting the increase in gross earned premiums from the life insurance line was a decrease in individual life products premium, resulting from the redemption and settlement of existing individual life policy obligations exceeding the level of new individual life sales. Premiums ceded decreased $1.5 million, or 9.6%, during the three month period ended March 31, 2023, from the comparable period in 2022. The decrease in ceded premiums for the three month period ended March 31, 2023 was due to a decrease in Medicare supplement premiums subject to reinsurance.

Insurance benefits and losses incurred decreased $2.9 million, or 14.0%, during the three month period ended March 31, 2023, from the comparable period in 2022. As a percentage of earned premiums, insurance benefits and losses incurred were 61.6% in the three month period ended March 31, 2023, compared to 69.6% in the three month period ended March 31, 2022. The decrease in the loss ratio for the three month period ended March 31, 2023 was primarily due to improved rate adequacy and a decrease in the number of incurred claims within the Medicare supplement line of business. This decrease was marginally offset by increased loss ratios on the other health lines of business.

Commissions and underwriting expenses increased $2.0 million, or 22.6%, during the three month period ended March 31, 2023, over the comparable period in 2022. As a percentage of earned premiums, underwriting expenses were 37.1% in the three month period ended March 31, 2023, compared to 29.4% in the three month period ended March 31, 2022. The increase in the expense ratio for the three month period ended March 31, 2023 was primarily due to an increase in administrative costs related to the growth in the group lines of business, coupled with increased Medicare supplement servicing costs.

Net Investment Income and Realized Gains

Investment income increased $0.2 million, or 8.6%, during the three month period ended March 31, 2023, from the comparable period in 2022. The increase in investment income was primarily attributable to a rising interest rate environment which has contributed to an increase in income received within the investment portfolio.

The Company had net realized investment losses of nil during the three month period ended March 31, 2023, compared to net realized investment losses of $0.01 million during the three month period ended March 31, 2022. The net realized investment losses during the three month period ended March 31, 2022 resulted primarily from the redemption of the Company's investment in a fixed maturity. Management continually evaluates the Company's investment portfolio and makes adjustments for impairments and/or divests investments as may be determined to be appropriate.

Unrealized Gains (Losses) 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 losses on equity securities of $2.4 million during the three month period ended March 31, 2023 and unrealized gains on equity securities of $2.2 million during the three month period ended March 31, 2022. Changes in unrealized gains (losses) on equity securities for the applicable periods are primarily the result of fluctuations in the market value of certain of the Company's equity securities.

Interest Expense

Interest expense increased $0.4 million, or 111.9%, during the three month period ended March 31, 2023, from the comparable period in 2022. Changes in interest expense were primarily due to changes in the London Interbank Offered Rate ("LIBOR"), as the interest rates on the Company's outstanding junior subordinated deferrable interest debentures ("Junior Subordinated Debentures") are directly related to LIBOR. The Company is preparing for the expected discontinuation of LIBOR by identifying, assessing and monitoring risks associated with LIBOR transition. Preparation includes taking steps to update operational processes to support alternative reference rates and models, as well as evaluating legacy contracts for any changes that may be required, including the determination of applicable fallbacks.

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 March 31, 2023, the Parent had approximately $3.8 million of unrestricted cash and investments.

The Parent's insurance subsidiaries reported statutory net income of $1.1 million for the three month period ended March 31, 2023, compared to statutory net income of $1.3 million for the three month period ended March 31, 2022. 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 March 31, 2023, American Southern had $53.3 million of statutory capital and surplus and Bankers Fidelity had $32.4 million of statutory capital and surplus. In 2023, dividend payments by the Parent's insurance subsidiaries in excess of $8.7 million would require prior approval. Through March 31, 2023, the Parent received dividends of $1.8 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 three-month LIBOR plus an applicable margin. The margin ranges from 4.00% to 4.10%. At March 31, 2023, the effective interest rate was 8.97%. 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 March 31, 2023, 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 March 31, 2023, 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 March 31, 2023, the Company had accrued but unpaid dividends on the Series D Preferred Stock totaling $0.3 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 $7.9 million, as of March 31, 2023. Additional FHLB stock purchases may be required based upon the amount of funds borrowed from the FHLB. As of March 31, 2023, BFLIC has pledged bonds having an amortized cost of $7.8 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 March 31, 2023, BFLIC does not have any outstanding borrowings from the FHLB.

On May 12, 2021, the Company entered into a Revolving Credit Agreement (the "Credit Agreement") with Truist Bank as the lender (the "Lender"). The Credit Agreement provides for an unsecured $10.0 million revolving credit facility that matures on April 12, 2024. Under the Credit Agreement, the Company will pay interest on the unpaid principal balance of outstanding revolving loans at the LIBOR Rate (as defined in the Credit Agreement) plus 2.00%, subject to a LIBOR floor rate of 1.00%.

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. 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 March 31, 2023, the Company had outstanding borrowings of $3.0 million under the Credit Agreement.

Cash and cash equivalents decreased from $28.9 million at December 31, 2022 to $13.5 million at March 31, 2023. The decrease in cash and cash equivalents during the three month period ended March 31, 2023 was primarily attributable to net cash used in operating activities of $11.6 million. Also contributing to the decrease in cash and cash equivalents was net cash used in investing activities of $4.7 million primarily as a result of investment purchases exceeding investment sales and maturity of securities. Partially offsetting the decrease in cash and cash equivalents was net cash provided by financing activities of $1.0 million primarily as a result of proceeds from bank financing.

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

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 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 a material weakness in internal control over financial reporting described below.

Material Weakness in Internal Control Over Financial Reporting

As disclosed in Part II, Item 9A. "Controls and Procedures" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, we have 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 certain process controls over the development, testing, and implementation of our actuarial models used to estimate certain values in the Medicare supplement line of business within our life and health segment were not effective and the related management review controls did not operate at an appropriate level of precision to identify anomalies in results timely enough to allow management to respond without delays in our financial reporting process. Notwithstanding these deficiencies, management believes that, as a result of the actions taken by management to address and correct these deficiencies prior to the completion and filing of this Quarterly Report on Form 10-Q, 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. As a result, there were no changes to any of our previously-released financial statements.

Changes in Internal Control Over Financial Reporting

The Company has implemented changes in processes that include enhanced controls over the development, testing, and implementation of actuarial models, and additional controls over the reporting of the financial information that is obtained from these models. Specifically, the Company has taken the following actions:

- Developed enhanced documentation of the product parameters and assumptions used in actuarial models and enhanced controls over their testing and implementation in the models.

- Improved reconciliations of the policyholder data between the source administrative systems and the actuarial models.
- Implemented additional controls over the reporting processes, including enhanced analytical procedures and establishing a second independent reviewer.
- Hired additional actuarial staff to assist with actuarial model implementation and actuarial valuation.

Except for the changes described above, which were initiated during the quarter ended December 31, 2022, and continued into the six months ending June 30, 2023, there were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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.

Other than pursuant to the Repurchase Plan, no purchases of common stock of the Company were made by or on behalf of the Company during the periods described below.

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 ended March 31, 2023.

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
January 1 – January 31, 2023	—	$ —	—	325,129
February 1 – February 28, 2023	—	—	—	325,129
March 1 – March 31, 2023	—	—	—	325,129
Total	—	$ —	—	

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: June 30, 2023	By: /s/ J. Ross Franklin J. Ross Franklin Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 31.1

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: June 30, 2023

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

EXHIBIT 31.2

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: June 30, 2023

/s/ J. Ross Franklin
J. Ross Franklin
Vice President and
Chief Financial Officer

EXHIBIT 32.1

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 March 31, 2023, 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: June 30, 2023

/s/ Hilton H. Howell, Jr.

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

Date: June 30, 2023

/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.