

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 1998

OR

TRANSACTION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

Commission file number 0-3722

A. Full title of the plan and the address of the plan, if different
from that of the issuer named below:

Atlantic American Corporation
401(k) Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

Atlantic American Corporation
4370 Peachtree Road, N.E.
Atlanta, GA 30319

SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934,
the trustees (or other persons who administer the employee benefit plan) have
duly caused this annual report to be signed on its behalf by the undersigned
hereunto duly authorized

Atlantic American Corporation
401(k) Retirement Savings

(Name of Plan)

Date: June 30, 1999

Edward L. Rand, Jr.
Vice President & Treasurer

ATLANTIC AMERICAN CORPORATION
401 (K) RETIREMENT SAVINGS PLAN

The following exhibits are filed herewith:

- Exhibit 1: Financial Statements and Schedules as of December 31, 1998
and 1997 together with auditor's report.
- Exhibit 2: Consent of Arthur Andersen LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Atlantic American Corporation 401(k)
Retirement Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Atlantic American Corporation 401(k) retirement savings plan as of December 31, 1998 and 1997 and the related statements of changes in net assets available for benefits, with fund information, for the year ended December 31, 1998. These financial statements and the schedules referred to below are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits as of December 31, 1998 and 1997 and the changes in net assets available for benefits for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and reportable transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The Fund Information in the statement of changes in net assets available for benefits is presented for purposes of additional analysis rather than to present the net assets available for plan benefits and changes in net assets available for plan benefits for each fund. The supplemental schedules and Fund Information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP
Atlanta, Georgia
June 24, 1999

Atlantic American Corporation
401(k) Retirement Savings Plan
Financial Statements and Schedules
December 31, 1998 and 1997

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Schedule I: Item 27a--Schedule of Assets Held for Investment Purposes
--December 31, 1998

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the Year Ended December 31, 1998

Atlantic American Corporation
401(k) Retirement Savings Plan

Statements of Net Assets Available For Benefits

December 31, 1998 and 1997

	1998	1997	
	-----	-----	
ASSETS:			
Cash	\$ 1,215	\$ 17,607	
Employee contributions receivable	45,365	0	
Investments, at quoted market prices:			
Participant-directed:			
Common stock--Atlantic American Corporation	956,564	795,012	
Mutual funds:			
INVESCO Cash Reserves Fund	327,560	411,740	
INVESCO Industrial Income Fund	798,964	627,177	
INVESCO Intermediate Government Bond Fund	292,433	289,584	
INVESCO Total Return Fund	972,297	775,377	
INVESCO Dynamics Fund	1,126,568	849,528	
Nonparticipant			
Common stock--Atlantic American Corporation	91,122	141,309	
Participant loans, at contract value which approximates value	26,836	19,593	
	-----	-----	
NETS ASSETS AVAILABLE FOR BENEFITS	\$ 4,638,924	\$ 3,926,927	
	=====	=====	

The accompanying notes are an integral part of these statements.

ATLANTIC AMERICAN CORPORATION

401(k) RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS, WITH FUND INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1998

	Nonparticipant		Participant-Directed								Other	Total
	Directed Atlantic American Corporation Common Stock	Atlantic American Corporation Common Stock	INVESCO Cash Reserves Fund	INVESCO Industri Income Fund	INVESCO Intermediat Government Bond Fund	INVESCO Total Return Fund	INVESCO Dynamics Fund	Loan Fund				
Additions:												
Participant contributions	\$ 0	\$ 23,169	\$ 6,107	\$ 80,382	\$ 9,928	\$ 79,189	\$ 84,062	\$ 0	\$ 45,365	\$ 328,202		
Employer contributions, net of forfeitures	32,599	88,860	0	0	0	0	0	0	0	121,459		
Total contributions	32,599	112,029	6,107	80,382	9,928	79,189	84,062	0	45,365	449,661		
Net appreciation (depreciation) in fair market value of investments	2,456	(27,837)	0	78,562	7,162	90,128	208,571	0	0	359,042		
Interest and dividend income	0	0	16,087	17,690	13,981	23,511	884	0	0	72,153		
Total additions	35,055	84,192	22,194	176,634	31,071	192,828	293,517	0	45,365	880,856		
deductions:												
Benefit payments to participants	(1,288)	(21,800)	(52,022)	(34,837)	(6,585)	(32,053)	(18,230)	(457)	0	(167,272)		
Participant loans, net of repayments	0	(1,127)	(68)	(1,804)	(288)	(2,478)	(1,530)	7,700	(1,992)	(1,587)		
Total deductions	(1,288)	(22,927)	(52,090)	(36,641)	(6,873)	(34,531)	(19,760)	7,243	(1,992)	(168,859)		
transfers between funds	(83,954)	100,287	(54,284)	31,794	(21,349)	38,623	3,283	0	(14,400)	0		
net (DECREASE) INCREASE	(50,187)	161,552	(84,180)	171,787	2,849	196,920	277,040	7,243	28,973	711,997		
net assets available for benefits:												
Beginning of year	141,309	795,012	411,740	627,177	289,584	775,377	849,528	19,593	17,607	3,926,927		
End of year	\$ 91,122	\$ 956,564	\$ 327,560	\$ 798,964	\$ 292,433	\$ 972,297	\$ 1,126,566	\$ 26,836	\$ 46,580	\$ 4,638,924		

The accompanying notes are an integral part of this statement.

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Atlantic American Corporation
401(k) retirement savings plan

NOTES TO FINANCIAL STATEMENTS and schedules

December 31, 1998 and 1997

1. Plan Description

General

The Atlantic American Corporation 401(k) Retirement Savings Plan (the "Plan") is a defined contribution plan established by Atlantic American Corporation (the "Company") under the provisions of Section 401(a) of the Internal Revenue Code (the "Code"), which includes a qualified cash or deferred arrangement as described in Sections 401(k) and 401(m) of the Code, for the benefit of eligible employees of the Company. All employees of the Company who have completed one year of service, as defined, are eligible to participate. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Participants should refer to the plan agreement for a complete description of the Plan.

Plan Administration

INVESCO Trust Company (the "Trustee") is the Trustee of the Plan and has custodial responsibility for the Plan's assets including the authority and power to, among other things, invest the principal and income of the Plan's assets.

Contributions

Eligible employees can elect to contribute an amount up to 16% of annual compensation, as defined by the Plan, subject to certain limitations under the Code. The Company provides a matching contribution equal to 50% of the first 6% of each participant's contribution. All company matching contributions are made in company common stock. A participant can elect to transfer the company contribution into another investment fund only after the participant is fully vested in the company matching contributions.

Vesting

Participants are always fully vested in their own contributions. Each participant becomes vested in the employer contributions based on years of continuous service. Participants become fully vested after seven years of service with no intervening breaks in service of five years or more. A participant is credited with one year of service each calendar year in which the participant works 1,000 hours. A break in service is deemed to be any year in which the participant does not complete more than 500 hours of service. The participants vested percentage in employer contributions is as follows:

Vested Percentage	
-----	Years of service:
-----	Less than one
0%	
-----	One
10	
-----	Two
20	
-----	Three
30	
-----	Four
40	
-----	Five
60	
-----	Six
80	
-----	Seven or more
100	

Benefits

Upon termination of service due to death, disability, or retirement, a participant or their beneficiary may elect to receive an amount equal to the value of the participant's vested interest in his/her account. The form of payment, selected by the participant or their beneficiary, is either a lump-sum distribution, an annuity to be paid in monthly installments over a fixed period of years, or a direct rollover into a qualified retirement plan or IRA.

Participant Accounts

Individual accounts are maintained for each of the Plan's participants and

reflect the participant's contributions, employer contributions, and the participant's share of the Plan's income. Allocations of income are based on the proportion that each participant's account balance bears to the total of all participant account balances.

Investment Options

Participants may direct their contributions and any related earnings into several investment options in 10% increments. Participants may change their investment elections once each calendar quarter. The participants in the Plan can invest in any of the following options, all of which are INVESCO mutual funds except for the company stock:

- o Atlantic American Corporation Stock--Funds are invested in common stock of Atlantic American Corporation.
- o INVESCO Cash Reserves Fund--Funds are invested in short-term obligations such as commercial paper, U.S. government and government agency obligations, and repurchase agreements.
- o INVESCO Industrial Income Fund--Funds are invested in dividend-paying common stocks of large U.S. companies and in convertible bonds, debt issues, and preferred stocks.
- o INVESCO Intermediate Government Bond Fund--Funds are invested in obligations of the U.S. government and government agencies maturing in three to five years.
- o INVESCO Total Return Fund--Funds are invested in common stocks and in fixed and variable income securities.
- o INVESCO Dynamics Fund--Funds are invested with rapidly growing companies, traded essentially on national exchanges and over-the-counter.

Forfeitures

Amounts forfeited from nonvested accounts are used to reduce future employer contributions.

Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their accounts as of the termination date.

2. Summary of Significant Accounting Policies and Other Matters

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported additions and deductions during the reporting period. Actual results could differ from those estimates.

Valuation of Investments

Cash equivalents are stated at cost, which approximates market value. Marketable securities are stated at fair value. Purchases and sales of securities and mutual funds are reflected on a trade-date basis.

Administrative Expenses

The Company pays all administrative expenses of the Plan, including trustee fees.

3. Investments

The fair market values of individual investments that represent 5% or more of the Plan's net assets as of December 31, 1998 and 1997 are as follows:

1998:

Atlantic American Corporation common stock	\$1,047,686
INVESCO Cash Reserves Fund	327,560
INVESCO Industrial Income Fund	798,964
INVESCO Intermediate Government Bond Fund	292,433
INVESCO Total Return Fund	972,297
INVESCO Dynamics Fund	1,126,568

1997:

Atlantic American Corporation common stock	936,321
INVESCO Cash Reserves Fund	411,740
INVESCO Industrial Income Fund	627,177
INVESCO Intermediate Government Bond Fund	289,584
INVESCO Total Return Fund	775,377
INVESCO Dynamics Fund	849,528

Net appreciation (depreciation) in fair value of investments by major investment type for the year ended December 31, 1998 is as follows:

Common stock	\$ (25,381)
Mutual funds	384,423
	\$359,042
	=====

4. TAX STATUS

The Internal Revenue Service issued a determination letter dated May 21, 1996 stating that the Plan was in accordance with applicable plan requirements as of that date. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is currently designed and is being operated in compliance with the applicable requirements of the Code. Therefore, the plan administrator believes that the Plan was qualified and the related trust was tax-exempt as of December 31, 1998 and 1997.

5. PARTICIPANT LOANS

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of the employee contribution balance. Participants may elect to have their loans disbursed from specific investment funds. Loan terms range from six months to five years or within a reasonable time if used for the purchase of a primary residence. The loans are secured by the vested value of the participants account balance and bear interest at the prime rate of interest on the date of the loan, plus 1%. Principal and interest are paid ratably through payroll deductions of not less than \$10 per pay period, or in a single lump sum.

ATLANTIC AMERICAN CORPOTATION
 401(k) RETIREMENT SAVINGS PLAN

ITEM 27a--SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
 DECEMBER 31, 1998

Identity Of Issuer	Description Of Investment	Cost	Current Value
* INVESCO FUNDS GROUP	Money market fund: INVESCO Cash Reserves Fund, 327,560 units	\$327,560	\$327,560
	Mutual funds: INVESCO Industrial Income Fund, 53,053 units	715,513	798,964
	INVESCO Intermediate Government Bond Fund, 22,882 units	283,215	292,433
	INVESCO Total Return Fund, 31,004 units	720,547	972,297
	INVESCO Dynamics Fund, 71,528 units	920,704	1,126,568
* ATLANTIC AMERICAN CORPORATION	Atlantic American Corporation common stock, 214,910 shares	653,831	1,047,686
* VARIOUS PLAN PARTICIPANTS	Participant loans (8.75%-9.5%), 26,836 units	26,836	26,836
	Total	\$3,648,206	\$4,592,344

*Indicates a party in interest.

The accompanying notes are an integral part of this schedule.

atlantic american corporation
 401(k) retirement savings plan
 item 27d--SCHEDULE OF reportable transactions (a)
 for the year ended DECEMBER 31, 1998

Identity of Party Involved	Description of Asset	Purchase Price	Selling Cost	Sales Net Price	Gain
* ----- * INVESCO FUNDS	INVESCO Industrial Income Fund:				
GROUP	29 purchases	\$205,558	\$ 0	\$ 0	\$ 0
	17 sales	0	33,010	0	39,976
	INVESCO Total Return Fund:				6,966
	30 purchases	168,263	0	0	0
	12 sales	0	26,345	36,497	10,152
	INVESCO Dynamics Fund:				
	26 purchases	177,533	0	0	0
	16 sales	0	19,205	23,588	4,383

* Indicates a party in interest.

(a) Represents transactions or a series of transactions in excess of 5% of the fair value of plan assets at the beginning of the year.

The accompanying notes are an integral part of this schedule.

consent of independent public accountants

As independent public accountants, we hereby consent to the incorporation by reference of our report dated June 24, 1999, included in this Annual Report of The Atlantic American Corporation 401(k) Retirement Savings Plan on Form 11-K for the year ended December 31, 1998, into the Plan's previously filed Registration Statement No. 33-90890.

ARTHUR ANDERSEN LLP
Atlanta, Georgia
June 28, 1999