

ATLANTIC AMERICAN CORP

Form DEF 14A

April 04, 2008

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

ATLANTIC AMERICAN CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(4) Date Filed:

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ATLANTIC AMERICAN CORPORATION
4370 Peachtree Road, N.E.
Atlanta, Georgia 30319-3000
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 6, 2008

Notice is hereby given that the Annual Meeting of Shareholders of Atlantic American Corporation (the Company) will be held at the principal executive offices of the Company at 4370 Peachtree Road, N.E., Atlanta, Georgia at 9:00 A.M., Eastern Time, on May 6, 2008, for the following purposes:

- (1) To elect eleven (11) directors of the Company for the ensuing year;
- (2) To ratify the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the 2008 fiscal year; and
- (3) To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

Only shareholders of record at the close of business on March 14, 2008, will be entitled to notice of, and to vote at, the meeting, or any adjournments or postponements thereof.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY. NO POSTAGE IS REQUIRED WHEN MAILED IN THE ENCLOSED ENVELOPE IN THE UNITED STATES.

By Order of the Board of Directors

Janie L. Ryan

Corporate Secretary

April 4, 2008

Atlanta, Georgia

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**ATLANTIC AMERICAN CORPORATION
4370 Peachtree Road, N.E.
Atlanta, Georgia 30319-3000**

**PROXY STATEMENT
FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 6, 2008**

GENERAL

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Atlantic American Corporation (the Company) for use at the 2008 Annual Meeting of Shareholders (the Meeting) to be held at the time and place, and for the purposes, specified in the accompanying Notice of Annual Meeting of Shareholders and at any postponements or adjournments thereof. When the enclosed proxy is properly executed and returned, or you vote your proxy through the Internet as provided for on the enclosed proxy card, the shares which it represents will be voted at the Meeting in accordance with the instructions thereon. In the absence of any such instructions, the shares represented thereby will be voted in favor of the election of all of the nominees for director listed under the caption Election of Directors and for the ratification of the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for 2008. Management does not know of any other business to be brought before the Meeting not described herein, but it is intended that as to any such other business properly brought before the Meeting, a vote will be cast pursuant to any proxy granted in accordance with the judgment of the proxies appointed thereunder. This proxy statement and the accompanying form of proxy are first being given or sent to shareholders of the Company on or about April 4, 2008.

Any shareholder who executes and delivers a proxy, or votes a proxy through the Internet, may revoke it at any time prior to its use by: (i) giving written notice of such revocation to the Secretary of the Company at 4370 Peachtree Road, N.E., Atlanta, Georgia 30319-3000; (ii) executing and delivering a proxy bearing a later date to the Secretary of the Company at 4370 Peachtree Road, N.E., Atlanta, Georgia 30319-3000; (iii) voting, or re-voting, as the case may be, a proxy over the Internet at a later date; or (iv) attending the Meeting and voting in person.

Only holders of record of issued and outstanding shares of \$1.00 par value per share common stock of the Company (Common Stock) as of March 14, 2008 (the Record Date) will be entitled to notice of, and to vote at, the Meeting. On the Record Date, there were 21,843,062 shares of Common Stock outstanding. Each share of Common Stock is entitled to one vote on each matter to be acted upon.

ANNUAL REPORT

A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2007 is being provided with this proxy statement.

EXPENSES OF SOLICITATION

The costs of soliciting proxies will be borne by the Company. Officers, directors and employees of the Company may solicit proxies by telephone, personal interview or otherwise, but will not receive any additional compensation for so doing. No contract or arrangement exists for engaging specially-paid employees or solicitors in connection with the solicitation of proxies for the Meeting. Arrangements may be made with brokerage houses and other custodians, nominees and fiduciaries holding shares for a beneficial owner to send proxies and proxy materials to their principals, and the Company will reimburse them for their expenses in so doing.

VOTE REQUIRED

A majority of the outstanding shares of Common Stock must be present in person or by proxy at the Meeting in order to have the quorum necessary to transact business. Abstentions and broker non-votes will be counted as present in determining whether the quorum requirement is satisfied. A non-vote occurs when a custodian, nominee or fiduciary holding shares for a beneficial owner votes on one proposal pursuant to discretionary authority or instructions from the beneficial owner, but does not vote on another proposal because the nominee has not received instruction from the beneficial owner and does not have discretionary authority to vote with respect to such other proposal. Directors are elected by the affirmative vote of a plurality of the shares of Common Stock present in person or by proxy and

actually voting at the Meeting at which a quorum is present. In order for shareholders to approve each other matter to be voted on at the Meeting, the votes cast favoring the proposal must exceed the votes cast opposing the proposal. Abstentions and non-votes will not count as votes for or against any director or proposal, as case may be, as to which there is an abstention or non-vote.

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One of the purposes of the Meeting is to elect eleven directors to serve until the next annual meeting of shareholders and until their successors have been elected and qualified or until their earlier resignation or removal. In the event any of the nominees should be unavailable to serve as a director, which contingency is not presently anticipated, proxies will be voted for the election of such other persons as may be designated by the present Board of Directors.

All of the nominees for election to the Board of Directors are currently Directors of the Company.

The following information is set forth with respect to the eleven nominees for Director to be elected at the Meeting:

| Name | Age | Position with the Company |
|-------------------------|------------|---|
| J. Mack Robinson | 84 | Chairman of the Board |
| Hilton H. Howell, Jr. | 46 | Director, President and Chief Executive Officer |
| Edward E. Elson | 74 | Director |
| Harold K. Fischer | 75 | Director |
| Samuel E. Hudgins | 79 | Director |
| D. Raymond Riddle | 74 | Director |
| Harriett J. Robinson | 77 | Director |
| Scott G. Thompson | 63 | Director |
| Mark C. West | 48 | Director |
| William H. Whaley, M.D. | 68 | Director |
| Dom H. Wyant | 81 | Director |

Mr. Robinson has served as Chairman of the Board since 1974 and served as President and Chief Executive Officer of the Company from September 1988 to May 1995. Mr. Robinson is also a Director of Gray Television, Inc.

Mr. Howell has been President and Chief Executive Officer of the Company since May 1995, and prior thereto served as Executive Vice President of the Company from October 1992 to May 1995. He has been a Director of the Company since October 1992. Mr. Howell is the son-in-law of Mr. and Mrs. Robinson. He is also a Director of Triple Crown Media, Inc. and Gray Television, Inc.

Mr. Elson is the former Ambassador of the United States of America to the Kingdom of Denmark, serving from 1993 through 1998. He has been a Director of the Company since October 1998, and previously served as a Director from 1986 to 1993.

Mr. Fischer is the retired President of Association Casualty Insurance Company and Association Risk Management General Agency, Inc., former subsidiaries of the Company, positions which he held from 1984 through June 2001. He has been a Director of the Company since July 1999, when the Company originally acquired those former subsidiaries, which have since been divested.

Mr. Hudgins has been an independent consultant since September 1997 and was a Principal in Percival, Hudgins & Company, LLC, an investment bank, from April 1992 to September 1997. He has been a Director of the Company since 1986.

Mr. Riddle is the retired Chairman and Chief Executive Officer of National Service Industries, Inc., a diversified holding company, positions he held from September 1994 to February 1996. Prior thereto, he served as the President and Chief Executive Officer of National Service Industries since January 1993. Prior thereto, he was President of Wachovia Bank of Georgia, N.A., the President of Wachovia Corporation of Georgia and Executive Vice President of Wachovia Corporation. He has been a Director of the Company since 1976, and also serves as a Director of AMC, Inc. and AGL Resources, Inc.

Mrs. Robinson, the wife of J. Mack Robinson, has been a Director of the Company since 1989. She is also a Director of Gray Television, Inc.

Mr. Thompson has been the President and Chief Executive Officer of American Southern Insurance Company, a subsidiary of the Company, since 2004; prior thereto he had been the President and Chief Financial Officer of that

company since 1984. He has been a Director of the Company since February 1996.

Mr. West has been the Chairman and Chief Executive Officer of The Genoa Companies since 1990. He has been a Director of the Company since July 1997.

Dr. Whaley has been a physician in private practice for more than the past five years. He has been a Director of the Company since July 1992.

Mr. Wyant is a retired partner of the law firm of Jones Day, which serves as counsel to the Company. He served as a Partner with that firm from 1989 through 1994, and as Of Counsel from 1995 through 1997. He has been a Director of the Company since 1985.

The Board of Directors recommends a vote **FOR** the election of each of the nominees for Director.

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Committees of The Board of Directors

As a result of the level of beneficial ownership of our Common Stock by J. Mack Robinson, one of our director nominees and currently our Chairman of the Board, and his affiliates, the Company meets the definition of a controlled company as defined pursuant to Rule 4350(c)(5) of the National Association of Securities Dealers, Inc. Marketplace Rules (the NASDAQ Rules). Accordingly, the Company is exempt from certain requirements of the NASDAQ Rules, including the requirement that a majority of its Board of Directors be independent, as defined in such rules, the requirement that director nominees be selected, or recommended for the board's selection, by either a majority of the independent directors or a nominating committee comprised solely of independent directors, and certain requirements relating to the determination of executive officer compensation. Notwithstanding this, however, the Board of Directors has determined that the following individuals are independent pursuant to the NASDAQ Rules for purposes of serving as a member of the Board of Directors: Edward E. Elson, Harold K. Fischer, D. Raymond Riddle, Mark C. West and Dom H. Wyant.

The Board of Directors of the Company has three standing committees: the Executive Committee, the Stock Option and Compensation Committee and the Audit Committee.

The Executive Committee is composed of Messrs. Robinson, Howell and Hudgins, and Dr. Whaley. The Executive Committee's function is to act in the place and stead of the Board of Directors to the extent permitted by law on matters which require Board action between meetings of the Board of Directors. The Executive Committee of the Company met or acted by written consent three times during 2007.

The Stock Option and Compensation Committee is composed of Messrs. Elson, Riddle and West and Dr. Whaley, each of whom, with the exception of Dr. Whaley, is independent pursuant to the NASDAQ Rules. The Stock Option and Compensation Committee's function is to establish the number of stock options to be granted to officers and key employees and the annual salaries and bonus amounts payable to officers of the Company. The Stock Option and Compensation Committee met one time during 2007. Due to its status as a controlled company, and the related historically low turnover among Board and Committee members, as well as among the Company's executive officers, the Board has not foreseen a need to adopt a charter to govern the Stock Option and Compensation Committee's functions.

The Audit Committee is composed of Messrs. Elson, Riddle, West and Wyant. Information regarding the functions performed by the Audit Committee and its membership during 2007 is set forth in the Report of the Audit Committee, included below. The Board of Directors has determined that all of the members of the Audit Committee are independent for purposes of being an Audit Committee member, and financially literate, as such terms are defined in the NASDAQ Rules and the rules of the Securities and Exchange Commission. In addition, the Board of Directors has determined that three of the members of the Audit Committee, Messrs. Elson, Riddle and West, each have the attributes of an audit committee financial expert as defined by the Securities and Exchange Commission in Item 407(d) of Regulation S-K. In making such determination, the Board took into consideration, among other things, the express provision in Item 407(d) of Regulation S-K that the determination that a person has the attributes of an audit committee financial expert shall not impose any greater responsibility or liability on that person than the responsibility and liability imposed on such person as a member of the Audit Committee, nor shall it affect the duties and obligations of other Audit Committee members or the Board of Directors. The Audit Committee has a written charter which sets out its authority and responsibilities, a copy of which is available on the Company's website, www.atlam.com. The Audit Committee met or acted by written consent five times during 2007.

Due to its status as a controlled company, and the related historically small turnover of its members, the Board has not foreseen the need to establish a separate nominating committee or adopt a charter to govern the nomination process. The Board of Directors has generally addressed the need to retain members and fill vacancies after discussion among current members, the members of the Executive Committee, and the Company's management. The Board of Directors does not have any specific qualifications that are required to be met by director candidates and does not have a formal process for identifying and evaluating director candidates.

Additionally, the Board of Directors does not have a formal policy with respect to the consideration of any director candidates recommended by shareholders and has determined that it is appropriate not to have such a formal policy at this time. The Board of Directors, however, will give due consideration to director candidates recommended by

shareholders. Any shareholder that wishes to nominate a director candidate should submit complete information as to the identity and qualifications of the director candidate to the Board of Directors at the address and in the manner set forth below for communication with the Board.

The Board of Directors met or acted by written consent five times in 2007. Each of the Directors named above attended at least 75% of the meetings of the Board and its committees of which he or she was a member during 2007. The Company does not have a formal policy regarding Director attendance at its annual meetings, but attendance by the Directors is encouraged and expected. At the Company's 2007 annual meeting of shareholders, nine of the Company's directors were in attendance.

Shareholders may communicate with members of the Board of Directors by mail addressed to the full Board of Directors, a specific member of the Board of Directors or a particular committee of the Board of Directors, at Atlantic American Corporation, 4370 Peachtree Road, N.E., Atlanta, Georgia 30319.

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Report of the Audit Committee

The Audit Committee (the Committee) oversees the Company's (i) financial reports and other financial information; (ii) systems of internal controls regarding finance, accounting, legal compliance and ethics; and (iii) auditing, accounting and financial reporting processes. The Company's management has the primary responsibility for the financial statements and the reporting processes, including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited financial statements of the Company as of and for the year ended December 31, 2007, including a discussion of the accounting principles, the reasonableness of significant accounting judgments and estimates, and the clarity of disclosures in the financial statements.

The Company's independent registered public accounting firm is responsible for performing an audit of the Company's financial statements in accordance with standards of the Public Company Accounting Oversight Board (United States) and expressing an opinion thereon. During 2007, the Committee reviewed with the independent auditors for the 2007 fiscal year their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under auditing standards generally accepted in the United States, including the items set out in Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended, promulgated by the Auditing Standards Board of the American Institute of Certified Public Accountants and rule 2-07 of Regulation S-X. In addition, the Committee has discussed with the Company's independent auditors for the 2007 fiscal year the auditors' independence from management and the Company, including the matters in the written disclosures received as required by Independence Standards Board Standard No.1, and considered the compatibility of nonaudit services provided to the Company by BDO Seidman, LLP, with the maintenance of the auditors' independence.

The Committee discussed with the Company's independent auditors for the 2007 fiscal year the overall scope and plans for the 2007 audit. The Committee met with such independent auditors, with and without management present, to discuss, among other things, the results of their audit, their considerations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Committee met or acted by written consent five times during fiscal year 2007.

In performing its functions, the Committee acts only in an oversight capacity. The Committee reviews the Company's periodic reports prior to filing with the Securities and Exchange Commission and quarterly earnings announcements. In its oversight role, the Committee relies on the work and assurances of the Company's management, which has the primary responsibility for financial statements and reports, and of the independent auditors, who, in their report, express an opinion on the Company's annual financial statements as to their conformity with generally accepted accounting principles.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 for filing with the Securities and Exchange Commission.

THE AUDIT COMMITTEE

D. Raymond Riddle, Chairman

Edward E. Elson

Mark C. West

Dom H. Wyant

March 27, 2008

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth ownership information regarding our outstanding equity securities as of March 14, 2008 by: (i) each person who is known to the Company to beneficially own more than 5% of the outstanding shares of Common Stock of the Company; (ii) each director; (iii) each executive officer named in the Summary Compensation Table below; (iv) all of the Company's directors and executive officers as a group; (v) Series B Preferred Stock ownership; and (vi) Series D Preferred Stock Ownership.

| Name of Stockholder | Common Stock ⁽¹⁾ | | Series B Preferred Stock ⁽¹⁾ | | Series D Preferred Stock ⁽¹⁾ | |
|---|-----------------------------|------------|---|------------|---|------------|
| | Number of Shares | Percentage | Number of Shares | Percentage | Number of Shares | Percentage |
| J. Mack Robinson 4370 Peachtree Road, N.E. Atlanta, Georgia 30319 | 14,563,400 ⁽²⁾ | 66.62% | 134,000 ⁽²⁾ | 100% | 70,000 ⁽²⁾ | 100% |
| Harriett J. Robinson 4370 Peachtree Road, N.E. Atlanta, Georgia 30319 | 8,678,680 ⁽³⁾ | 39.73% | 71,500 ⁽³⁾ | 53.36% | | |
| Harold K. Fischer P.O. Box 9728 Austin, TX 78766 | 1,347,666 | 6.17% | | | | |
| Hilton H. Howell, Jr. | 537,525 ⁽⁴⁾ | 2.43% | | | | |
| Edward E. Elson | 22,346 | * | | | | |
| Samuel E. Hudgins | 9,513 | * | | | | |
| D. Raymond Riddle | 125,814 ⁽⁵⁾ | * | | | | |
| Scott G. Thompson | 108,346 ⁽⁶⁾ | * | | | | |
| Mark C. West | 171,796 ⁽⁷⁾ | * | | | | |
| William H. Whaley, M.D | 39,346 ⁽⁸⁾ | * | | | | |
| Dom H. Wyant | 18,346 | * | | | | |
| John G. Sample, Jr. | 61,604 ⁽⁹⁾ | * | | | | |
| All directors and executive officers as a group (12 persons) | 17,005,702 ⁽¹⁰⁾ | 76.32% | 134,000 | 100% | 70,000 | 100% |

* Represents less than one percent.

(1) All shares of stock are owned beneficially and of record unless otherwise stated. Except upon the occurrence of certain events, holders of

Series B Preferred Stock and Series D Preferred Stock are not entitled to vote, whereas each share of common stock entitles its holder to one vote. The shares of Series B Preferred Stock and shares of Series D Preferred Stock are not currently convertible, but may become convertible into shares of the Company's common stock under certain conditions.

- (2) With respect to the common stock, includes: 3,740,646 shares of common stock owned by Gulf Capital Services, Ltd.; 946,702 shares of common stock owned by Delta Life Insurance Company; and 300,000 shares of common stock owned by Delta Fire & Casualty Company, all of which are companies controlled by Mr. Robinson

and each of which has an address at 4370 Peachtree Road, N.E., Atlanta, Georgia 30319; and 18,525 shares of common stock held by Mr. Robinson pursuant to the Company's 401(k) Plan. With respect to the Series B Preferred Stock, Mr. Robinson directly owns 62,500 shares of Series B Preferred Stock. With respect to the Series D Preferred Stock, consists of 70,000 shares of Series D Preferred Stock owned by Gulf Capital Services, Ltd. Also includes all shares held by Mr. Robinson's wife (see note 3 below).

Table of Contents**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Under the securities laws of the United States, the Company's directors, executive officers, and any persons holding more than ten percent of any class of the Company's equity securities registered pursuant to the Securities Exchange Act of 1934 are required to file with the Securities and Exchange Commission initial reports of ownership and reports of changes of ownership of Common Stock and other equity securities of the Company, and to furnish the Company with copies of such reports. To the Company's knowledge, all such filings were completed, but nine of these required filings were not timely completed, during the year ended December 31, 2007. Each such filing was inadvertently made after the required deadline due to administrative error. Three of those filings were required by Mr. Robinson, each relating to one transaction; three of those required filings were required by Mrs. Robinson, each relating to one transaction; one of the filings was required by Mr. West, relating to two transactions; and one filing was required by each of Mr. Riddle and Mr. Sample, each relating to one transaction. In making this disclosure, the Company has relied on written representations of its directors and executive officers and its receipt of copies of the reports that have been filed with the Securities and Exchange Commission.

COMPENSATION DISCUSSION AND ANALYSIS**Compensation Philosophy**

The Stock Option and Compensation Committee (the Compensation Committee) believes that the compensation of executives should be designed to attract, retain and motivate those persons who enable Atlantic American to achieve its mission. Our compensation setting process includes establishing an overall level of compensation for executive officers that will be paid if certain personal, corporate and combined performance goals are met. Compensation is then allocated through four primary components: base salaries, cash bonuses, equity incentives and other minor perquisites. The Compensation Committee's philosophy is to pay salaries competitive with prevailing levels within our industry and market. The Compensation Committee also uses annual bonus awards to award and incentivize officers; bringing overall compensation to desired levels. In addition, equity incentives are considered in order to provide additional motivation to improve the Company's long term prospects. Industry compensation data is typically sourced from SNL Financial, a leading financial information provider to the financial services industries, including insurance. Market compensation data, which we generally obtain from various public sources such as proxy statements and various state and/or regional salary surveys, relating to companies of similar size (measured by assets, revenues, GAAP and statutory profitability, etc.) with executive officers in the Atlanta area, is also considered.

To assist the Compensation Committee in establishing overall compensation for executive officers, the Compensation Committee has, from time to time, although not in 2007, engaged the services of an external compensation consultant, Buck Consultants. The consultants have been previously engaged to make recommendations relative to the levels and timing of base and incentive cash compensation and short and long-term equity awards and programs.

Compensation components are generally determined annually at the beginning of each year, effective March 15, and are solely the responsibility of the Compensation Committee. Adjustments, after consideration of industry and market data and input from relevant consultants, are then based primarily on the performance of the Company and the individual executive officer during the prior calendar year and expectations and objectives for performance in the current year. All decisions are within the discretion of the Compensation Committee and are made without regard to race, religion, color, age, handicap, gender, national origin or other prohibited factors; and our overall compensation program complies with all applicable federal, state, and local rules and guidelines.

Base Cash Compensation

Annual adjustments to cash compensation levels are determined on a discretionary basis by the Compensation Committee after considering not only those factors discussed above, but also after considering various other external market factors such as changes in consumer prices, external forces which may be influencing the Atlanta employment market and/or competitive offers and/or positions. After such consideration, effective March 15, 2007, Mr. Howell's base cash compensation was increased 10% and Mr. Robinson's and Mr. Sample's base cash compensation was increased 6%.

Subsequent to the Compensation Committee's approval of 2007 base cash compensation and in recognition of the declining levels of business and related premium revenue, in July 2007 Mr. Robinson voluntarily reduced his base cash compensation by 6.2% and Mr. Howell voluntarily reduced his base cash compensation by 9.1%. Subsequent

thereto, in October 2007, Mr. Robinson again voluntarily reduced his base cash compensation by an additional 98.9% to an annualized rate of \$2,000 per annum and Mr. Howell again voluntarily reduced his base cash compensation by an additional 52.1% to an annualized rate of \$218,600. In October 2007, Mr. Sample also voluntarily reduced his base cash compensation by 10% to an annualized rate of \$357,069. Since the voluntary reductions in October 2007, the Compensation Committee has not approved any subsequent increases to previously approved base compensation levels.

Bonus Compensation

Cash bonuses are determined on a discretionary basis by the Compensation Committee. The bonuses are intended to reflect an evaluation of the individual's prior year performance as well as the Company's prior year performance. Historical practice is that bonuses have been determined based on a percentage of the annual cash compensation to be paid with effect as of March 15 of the year in which the bonus is paid and the performance evaluation is made. While the Compensation Committee retains discretion as to the amounts and percentages of bonus awards, the bonus compensation range as a percentage of salary for each of the Company's executive officers has historically been as follows: Chairman of the Board (40%-50%), Chief Executive Officer (50%-60%), and Chief Financial Officer (30%-40%).

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As of December 31, 2007, in recognition of the declining levels of business and related premium revenue, there were no bonuses accrued and/or approved related to 2007. Subsequent thereto and through March 31, 2008, there were no bonus accruals or payments made.

Equity-Based Compensation

The Compensation Committee believes that equity-based compensation, in the form of stock options or other stock awards, serves to motivate executives to seek to improve the Company's short-term and long-term prospects and thereby align the interests of the Company's executives with those of its shareholders. Given evolving trends in equity-based compensation, the Compensation Committee declined to make any equity-based compensation awards in 2007 to allow for further analysis of relevant comparables. Analysis is ongoing and the Compensation Committee does plan on making future equity-based awards.

Perquisites

The Compensation Committee believes that including in compensation for the Company's executive officers certain minor perquisites is consistent with the Company's overall compensation philosophy and appropriately reflects prevailing market conditions. The Compensation Committee reviews, from time to time, the nature and level of perquisites available for such officers.

Primary Compensation Table

For compensation purposes, the Compensation Committee generally evaluates the performance of the named executive officers on the same basis as the Company's other officers. Approved compensation increases for 2007, as applicable, for these individuals are reflected below and are in recognition of various performance criteria during both 2006 and 2007. Salary increases and bonus awards are granted in the first quarter and are generally consistent with historical compensation practices of the Company. The distribution of bonus awards coincides with the release of performance results for the previous year and after considering the Federal income tax consequences of such deductions. All forms of compensation are taxed in compliance with State and Federal law.

Termination Payments

During 2007 the Company did not make payment to any executive officer as a result of dismissal, resignation, or retirement.

Report of the Stock Option and Compensation Committee on Executive Compensation

The Stock Option and Compensation Committee (the Compensation Committee) of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

THE STOCK OPTION AND COMPENSATION COMMITTEE

Dr. William H. Whaley, Chairman

Edward E. Elson

D. Raymond Riddle

Mark C. West

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There is shown below information concerning the annual compensation for services in all capacities to the Company and its subsidiaries for the fiscal years ended December 31, 2007 and 2006 of those persons qualifying as Executive Officers of the Company. Included are: (i) chief executive officer (ii) chief financial officer and (iii) the only other executive officer of the Company at December 31, 2007 whose salary and bonus exceeded \$100,000, (the named executive officers):

Summary Compensation Table

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | All Other Compensation (\$) | Total (\$) ⁽⁴⁾ |
|---|------|----------------|---------------|-----------------------------------|------------------------------|
| Hilton H. Howell, Jr. President and CEO | 2007 | 414,413 | -0- | 41,500 ⁽¹⁾ | 455,913 |
| | 2006 | 456,500 | 275,000 | 53,500 ⁽⁵⁾ | 785,000 |
| John G. Sample, Jr. Senior Vice President and CFO | 2007 | 383,081 | -0- | 36,500 ⁽²⁾ | 419,581 |
| | 2006 | 374,286 | 158,697 | 28,820 ⁽⁶⁾ | 561,803 |
| J. Mack Robinson Chairman of the Board | 2007 | 145,831 | -0- | 36,781 ⁽³⁾ | 182,612 |
| | 2006 | 187,550 | 100,000 | 53,500 ⁽⁵⁾ | 341,050 |

(1) Consists of
(i) contributions to Mr. Howell's account under the Company's 401(k) Plan of \$15,500 and
(ii) fees paid for serving as a director of the Company and subsidiaries of \$26,000.

(2) Consists of
(i) contributions to Mr. Sample's account under the Company's 401(k) Plan of \$15,500, (ii) an annual automobile allowance of \$9,000, and
(iii) fees paid for serving as a

director of a subsidiary of the Company of \$12,000.

- (3) Consists of
 - (i) contributions to Mr. Robinson's account under the Company's 401(k) Plan of \$14,281 and
 - (ii) fees paid for serving as a director of the Company and subsidiaries of \$22,500.
- (4) Does not include amounts deemed received pursuant to certain related transactions and described below in Certain Relationships and Related Transactions .
- (5) Consists of
 - (i) contributions to the named individuals account under the Company's 401(k) Plan of \$7,500 and
 - (ii) fees paid for serving as a director of the Company and subsidiaries of \$46,000.
- (6) Consists of
 - (i) contributions to Mr. Sample's account under

the Company's
401(k) Plan of
\$7,500, (ii) an
annual
automobile
allowance of
\$9,000,
(iii) reimbursed
costs of an
annual physical
of \$320 and
(iv) fees paid for
serving as a
director of a
subsidiary of the
Company of
\$12,000.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table provides information about the outstanding equity awards held by the named executive officers at December 31, 2007.

| Name | Option Awards ⁽¹⁾ | | | | | Stock Awards | | | |
|-----------------------|---|---|--|---------------------|-----------------|---|--|--|---|
| | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Awards: Number of Securities Underlying Unexercised Options (#) | Exercise Price (\$) | Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |
| Hilton H. Howell, Jr. | 100,000 | -0- | -0- | 1.25 | 10/15/11 | -0- | -0- | -0- | -0- |
| | 100,000 | -0- | -0- | 1.59 | 05/06/13 | -0- | -0- | -0- | -0- |
| John G. Sample, Jr. | 50,000 | -0- | -0- | 2.00 | 07/02/12 | -0- | -0- | -0- | -0- |
| J. Mack Robinson | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |

(1) All of the option grants were made under the Company's 1992 Incentive Plan, except for 100,000 options granted to Mr. Howell that were made under the

Company's 2002 Incentive Plan. All of the option grants have a ten-year term, vest 50% upon the date of grant and 25% on each of the two subsequent anniversaries of the date of grant and have an exercise price equal to the fair market value on grant date.

The following table provides information about stock option exercises and vesting for the named executive officers during the year ended December 31, 2007

Option Exercises and Stock Vested

| Name | Option Awards | | Stock Awards | |
|---------------------|---|---------------------------------|--|--------------------------------|
| | Number of Shares Acquired On Exercise (#) | Value Realized On Exercise (\$) | Number of Shares Acquired On Vesting (#) | Value Realized On Vesting (\$) |
| John G. Sample, Jr. | -0- | -0- | 10,000 | \$39,700 |

Compensation Committee Interlocks and Insider Participation

During 2007, Messrs. Elson, Riddle and West, and Dr. Whaley, none of whom was, during the year or formerly, an officer or employee of the Company, were members of the Stock Option and Compensation Committee of our Board of Directors. None of the Stock Option and Compensation Committee members serve as members of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or Stock Option and Compensation Committee.

Table of Contents**Compensation of Directors**

Atlantic American's policy is to pay all members of the Board of Directors an annual retainer fee of \$12,000, to pay fees to Directors at the rate of \$2,000 for each Board meeting attended and \$500 for each committee meeting attended. In addition, Directors are reimbursed for actual expenses incurred in connection with attending meetings of the Board and/or Committees of the Board. The annual retainer fee is paid \$6,000 in cash, with the remainder paid in shares of Common Stock based upon the market price as of the close of business on the business day immediately preceding the annual meeting, the date of grant of such shares. Pursuant to the Company's 2002 Incentive Plan (the 2002 Incentive Plan), all Directors who are not employees or officers of the Company or any of its subsidiaries are entitled to receive stock options to purchase shares of Common Stock and other equity awards.

The following table provides information about the compensation paid for services as a director of the Company for the year ended December 31, 2007.

Director Summary Compensation Table

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified | All Other Compensation (\$) | Total (\$) |
|----------------------------|---|-------------------------|--------------------------|---|---|-----------------------------------|-----------------------|
| | | | | | Deferred Compensation Earnings | | |
| J. Mack Robinson | 10,500 | 6,000 | -0- | (1) | N/A | (1) | 16,500 ⁽²⁾ |
| Hilton H. Howell, Jr. | 14,000 | 6,000 | -0- | (1) | N/A | (1) | 18,500 ⁽²⁾ |
| Edward E. Elson | 16,000 | 6,000 | -0- | N/A | N/A | -0- | 22,000 |
| Harold K. Fischer | 14,000 | 6,000 | -0- | N/A | N/A | -0- | 20,000 |
| Samuel E. Hudgins | 14,000 | 6,000 | -0- | N/A | N/A | 132,600 ⁽⁴⁾ | 152,600 |
| D. Raymond Riddle | 16,500 | 6,000 | -0- | N/A | N/A | -0- | 22,500 |
| Harriett J. Robinson | 10,500 | 6,000 | -0- | N/A | N/A | -0- | 16,500 ⁽²⁾ |
| Scott G. Thompson | 14,000 | 6,000 | -0- | (1) | N/A | (1) | 20,000 |
| Mark C. West | 12,500 | 6,000 | -0- | N/A | N/A | -0- | 18,500 |
| William H. Whaley, M.D. | 14,500 | 6,000 | -0- | N/A | N/A | 15,000 ⁽³⁾ | 35,500 |
| Dom H. Wyant | 16,000 | 6,000 | -0- | N/A | N/A | -0- | 22,000 |

⁽¹⁾ None other than compensation received as an employee of the Company and reported in the Summary Compensation Table above, or,

in the case of Mr. Thompson, compensation received as an employee of a subsidiary of the Company.

(2) Does not include amounts deemed received pursuant to certain related transactions and described below in Certain Relationships and Related Transactions .

(3) The Company has entered into a consulting agreement with Dr. Whaley, pursuant to which Dr. Whaley provides certain medical consulting and advisory services to the Company s subsidiaries. Pursuant to the agreement, Dr. Whaley receives \$15,000 per year for such services.

(4) The Company has entered into a consulting agreement with Mr. Hudgins, pursuant to which

Mr. Hudgins provides various financial and other consulting services to the Company. Pursuant to the agreement, Mr. Hudgins received \$132,600 during 2007 for such services.

Table of Contents**2. RATIFICATION OF THE APPOINTMENT OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee is required by law and applicable NASDAQ Rules to be directly responsible for the appointment, compensation and retention of the Company's independent registered public accounting firm. The Audit Committee has appointed BDO Seidman, LLP (BDO) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008. While shareholder ratification of the selection of BDO as the Company's independent registered public accounting firm is not required by the Company's By-laws or otherwise, the Board of Directors is submitting the selection of BDO to the shareholders for ratification. If the shareholders fail to ratify the selection, the Audit Committee may, but is not required to, reconsider whether to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

On April 3, 2006, the Audit Committee determined not to renew its engagement of Deloitte & Touche LLP (D&T), which served as the Company's independent registered public accounting firm for the fiscal years ended December 31, 2005 and 2004 (the Prior Period) , and appointed BDO as the Company's auditors for the fiscal year ended December 31, 2006. BDO was also engaged to reaudit the Company's financial statement for the Prior Period. D&T's reports on the Company's consolidated financial statement as of December 31, 2005 and 2004 for the years then ended did not contain an adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

In connection with the audits of the Company's financial statements for the fiscal years ended December 31, 2005 and 2004, there were no disagreements between the Company and D&T on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to D&T's satisfaction, would have caused D&T to make reference to the matter in its reports. During the two fiscal years ended December 31, 2005, there were no reportable events as defined in Regulation S-K, Item 304(a)(1)(v).

D&T has previously furnished us with a letter, addressed to the Securities and Exchange Commission, stating whether it agrees with the above statements. A copy of D&T's letter, dated April 3, 2006, has been filed as Exhibit 16.1 to the Company's current report on Form 8-K dated April 3, 2006.

A representative from BDO is expected to be present at the Meeting and will have the opportunity to make any statement if such representative desires to do so, and, if present, will be available to respond to appropriate questions. Amounts paid to the Company's principal accountant by category were as follows:

Audit Fees

The Company has paid or expects to pay BDO approximately \$483,000, in the aggregate, for professional services it rendered for the audit of the Company's consolidated financial statements and audits of subsidiary company statutory reports for the fiscal year ended December 31, 2007 and the reviews of the interim financial statements included in our Quarterly Reports on Form 10-Q filed during the fiscal year ended December 31, 2007. The Company paid BDO \$460,000, in the aggregate, for professional services it rendered for the audit of the Company's consolidated financial statements and audits of subsidiary company statutory reports for the fiscal year ended December 31, 2006 and the reviews of the interim financial statements included in the Company's quarterly reports on Form 10-Q filed during the fiscal year ended December 31, 2006. During the fiscal year ended December 31, 2006, the Company also paid BDO \$150,000 for a reaudit of the Company's consolidated balance sheet for the fiscal year ended December 31, 2005 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2005.

Audit Related Fees

No audit-related fees were paid to BDO during 2007 or 2006.

Tax Fees

There were no tax fees paid to the Company's principal accountant in either 2007 or 2006.

All Other Fees

BDO did not provide any other category of products or services to the Company during the fiscal years ended December 31, 2007 or 2006 and, accordingly, no other fees were paid thereto in either 2007 or 2006.

The Audit Committee considers whether the provision of non-audit services by the Company's independent registered public accounting firm is compatible with maintaining auditor independence. All audit and non-audit services to be performed by the Company's independent registered public accounting firm must be approved in advance by the Audit Committee. Pursuant to the Audit Committee's Audit and Non-Audit Services Pre-Approval Policy (the Policy) and as permitted by Securities and Exchange Commission rules, the Audit Committee may delegate pre-approval authority to any of its members, provided that any service approved in this manner is reported to the full Audit Committee at its next meeting.

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The Policy provides for a general pre-approval of certain specifically enumerated services that are to be provided within specified fee levels. With respect to requests to provide specifically enumerated services not specifically pre-approved pursuant to such general grant, such requests must be submitted to the Audit Committee by both the independent registered public accounting firm and the Chief Financial Officer, and must include a joint statement as to whether, in their view, the request is consistent with Securities and Exchange Commission rules on auditor independence. Such requests must also be specific as to the nature of the proposed service, the proposed fee and any other details the Audit Committee may request.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company leases space for its principal offices, as well as the principal offices of certain of its subsidiaries, in an office building located at 4370 Peachtree Road, N.E., Atlanta, Georgia, from Delta Life Insurance Company, a corporation of which Mr. Robinson, the Company's Chairman, owns 59% of the stock, with the remainder owned by Mrs. Robinson directly and as trustee for her children, under a lease, which inceptioned on November 1, 2007, and provides for rent adjustments on every fifth anniversary of the term commencement date. Under the terms of the leases, the Company occupies approximately 65,489 square feet of office space as well as covered parking garage facilities at an annual rent of approximately \$622,000, plus a pro rata share of all real estate taxes, general maintenance and service expenses and insurance costs with respect to the office building and other facilities. The terms of the lease are believed by management of the Company to be comparable to terms that could be obtained by the Company from unrelated parties for comparable rental property.

Effective December 31, 1995, an aggregate of \$13.4 million in principal of demand notes previously issued by the Company were canceled in exchange for the issuance by the Company of an aggregate of 134,000 shares of a new series of preferred stock (the Series B Preferred Stock), which has a stated value of \$100 per share and accrues dividends at 9% per year. At December 31, 2007, the Company had accrued but unpaid dividends on the Series B Preferred Stock totaling \$14,472,000, which was the largest amount outstanding during such year. All shares of Series B Preferred Stock are owned directly or indirectly by affiliates of Mr. Robinson, Mrs. Robinson or Mr. Howell. On September 30, 2006, the Company issued and sold 70,000 shares of its Series D preferred stock, par value \$1.00 per share (the Series D Preferred Stock) to Gulf Capital Services, Ltd. (Gulf Capital), a corporation of which Mr. Robinson owns 24% of the stock, with the remainder owned by Mrs. Robinson as trustee for her children, for an aggregate purchase price of \$7.0 million. 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 may be convertible into an aggregate of approximately 1,754,000 shares of 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. During 2007, the Company issued 226,605 shares of common stock in lieu of series D Preferred Stock dividend payments valued at \$0.6 million. Accordingly, as of December 31, 2007, the Company did not have any unpaid dividends on the Series D Preferred Stock.

In accordance with the terms of the Stock Purchase Agreement for the sale of Georgia Casualty and Association Casualty to Columbia Mutual Insurance Company, certain investments held by Georgia Casualty and Association Casualty were required to be disposed of prior to the completion of such sale. Effective November 30, 2007, an investment in a real estate joint venture was sold to Gulf Capital Services, Ltd. for a purchase price of \$3,700,000. Mr. Robinson and his affiliates collectively own 100% of Gulf Capital Services, Ltd.

On May 22, 2007, Gray Television, Inc. redeemed 175 shares of Gray Television Series C preferred stock held by the Company at a price of \$10,000 per share, plus accrued but unpaid dividends equal to \$19,833. Mr. Robinson, Mr. Howell and Mrs. Robinson are directors, and may be deemed to be affiliates, of Gray Television, Inc.

The Company is a party to a consulting arrangement with Mr. Hudgins, pursuant to which Mr. Hudgins provides various financial and other consulting services to the Company. Pursuant to the agreement, Mr. Hudgins received \$132,600 during 2007 for such services.

In accordance with the terms of the written charter of the Audit Committee of the Board of Directors, the Audit Committee is to approve all related party transactions that are required to be disclosed pursuant to the rules and regulations of the SEC. The Audit Committee approved all such transactions in 2007.

OTHER BUSINESS

Management of the Company knows of no matters other than those stated above which are to be brought before the Meeting. However, if any such other matters should be presented for consideration and voting, it is the intention of the persons named in the proxies to vote thereon in accordance with their best judgment.

SHAREHOLDER PROPOSALS

Shareholder proposals to be presented at the next annual meeting of shareholders must be received by the Company no later than December 5, 2008, in order to be considered for inclusion in the proxy statement for the 2009 annual meeting of shareholders. Any such proposal should be addressed to the Company's President and mailed to 4370 Peachtree Road, N.E., Atlanta, Georgia 30319-3000. A shareholder not seeking to have his proposal included in the Company's proxy statement, but seeking to have the proposal considered at the Company's 2009 annual meeting of shareholders, should notify the Company in the manner set forth above of his proposal no later than February 27, 2009. In accordance with the rules of the Securities and Exchange Commission, if the shareholder has not given such notice to the Company by February 27, 2009, the persons appointed as proxies for the 2009 annual meeting of shareholders may exercise discretionary authority to vote on any such shareholder proposal.

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ATLANTIC AMERICAN CORPORATION

As a stockholder of Atlantic American Corporation, you have the option of voting your shares electronically through the Internet, eliminating the need to return the proxy card. Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned the proxy card. Votes submitted electronically over the Internet must be received by 7:00 p.m., Eastern Time, on May 5, 2008.

Vote Your Proxy on the Internet:

Go to
www.continentalstock.com
 Have your proxy card available when you access the above website. Follow the prompts to vote your shares.

OR

Vote Your Proxy by mail:

Mark, sign, and date your proxy card, then detach it, and return it in the postage-paid envelope provided.

PLEASE DO NOT RETURN THE PROXY CARD IF YOU ARE VOTING ELECTRONICALLY

6 FOLD AND DETACH HERE AND READ THE REVERSE SIDE 6

THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED FOR ALL DIRECTORS AND OTHER PROPOSALS. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

Please mark your votes like this **X**

FOR all nominees

WITHHOLD AUTHORITY for all nominees

1. ELECTION OF DIRECTORS:

FOR, except (To withhold authority to vote for any individual nominee, strike a line through that nominee's name in the list below)

01 J. Mack Robinson, 02 Hilton H. Howell, Jr., 03 Edward E. Elson, 04 Harold K. Fischer,
05 Samuel E. Hudgins, 06 D. Raymond Riddle , 07 Harriett J. Robinson,
08 Scott G. Thompson, 09 Mark C. West, 10 William H. Whaley, M.D., 11 Dom H. Wyant

Label Area 4 x 1 1/2

PRINT AUTHORIZATION
PRINT

(THIS BOXED AREA DOES NOT

To commence printing on this proxy card please sign, date and fax this card to this number: 212-691-9013 or email us your approval.

SIGNATURE:

DATE:

TIME:

Registered Quantity _____ Broker Quantity _____

Note: SCOTTI to Email final approved copy for Electronic Voting website setup: Yes o

- | | | FOR | AGAINST | ABSTAIN |
|----|---|------------|----------------|----------------|
| 2. | TO RATIFY THE APPOINTMENT OF BDO SEIDMAN, LLP. | o | o | o |
| 3. | In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting. | | | |

***UPON FINAL APPROVAL
FORWARD INTERNET &
TELEPHONE VOTING
TO
SUNGUARD
WITHOUT THE YELLOW
BOX, BLUE BOX & CROP
MARKS***

**COMPANY ID:
PROXY NUMBER:
ACCOUNT NUMBER:**

Signature

Signature

Dated: _____, 2008

NOTE: Please sign exactly as name appears hereon. When shares are held by joint owners, both should sign. When signing as attorney, administrator, trustee or guardian, please give title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

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6 FOLD AND DETACH HERE AND READ THE REVERSE SIDE 6

PROXY

ATLANTIC AMERICAN CORPORATION

4370 Peachtree Road, N.E.

Atlanta, Georgia 30319-3000

Proxy Solicitation on Behalf of the Board of Directors of

the Company for the Annual Meeting of Shareholders to be Held on May 6, 2008

The undersigned hereby appoints J. Mack Robinson, Hilton H. Howell, Jr. and John G. Sample, Jr., or any of them, as proxies with full power of substitution and resubstitution, to vote on the undersigned's behalf at the Annual Meeting of Shareholders of Atlantic American Corporation, to be held at 9:00 A.M., Eastern Time, on May 6, 2008, at the offices of the Company, 4370 Peachtree Road, N.E., Atlanta, Georgia and at all adjournments or postponements thereof, upon all business as may properly come before the meeting, including the business described in the accompanying Notice of Annual Meeting and Proxy Statement, receipt of which is acknowledged.

PROXIES WILL BE VOTED IN ACCORDANCE WITH ANY INSTRUCTIONS INDICATED BELOW. IF NO SPECIFICATION IS MADE, THE SHARES REPRESENTED BY THE PROXY WILL BE VOTED FOR ALL DIRECTOR NOMINEES AND ALL LISTED PROPOSALS. IN THEIR DISCRETION, THE PROXIES WILL BE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING. THIS PROXY IS REVOCABLE AT ANY TIME PRIOR TO ITS USE.

(Continued, and to be marked, dated and signed, on the other side)