

ATLANTIC AMERICAN CORP
Form 11-K
June 21, 2016

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

FORM 11-K

(Mark one)

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

For the fiscal year ended December 31, 2015

OR

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

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 Rd., N.E.
Atlanta, Georgia 30319

TABLE OF CONTENTS

SIGNATURES

Financial Statements and Schedule

Consent of BDO USA, LLP

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 Plan
(Name of Plan)

June 21, 2016 /s/ John G. Sample, Jr.
John G. Sample, Jr.
Senior Vice President, CFO and Secretary
Atlantic American Corporation

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

The following exhibits are filed herewith:

- Exhibit
1: Financial Statements and Supplemental Schedule
As of December 31, 2015 and 2014 and for the year ended December 31, 2015 together with Report of
Independent Registered Public Accounting Firm
- Exhibit
2: Consent of BDO USA, LLP
Independent Registered Public Accounting Firm
-

Exhibit 1

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULE

As of December 31, 2015 and 2014 and For The Year Ended December 31, 2015

with
Report of Independent Registered Public Accounting Firm

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

TABLE OF CONTENTS

December 31, 2015 and 2014

<u>Report of Independent Registered Public Accounting Firm</u>	1
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statement of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to Financial Statements</u>	4
Supplemental Schedule:	
<u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year)</u>	17

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrator
Atlantic American Corporation 401(k) Retirement Savings Plan
Atlanta, Georgia

We have audited the accompanying statements of net assets available for benefits of the Atlantic American Corporation 401(k) Retirement Savings Plan (the "Plan") as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The accompanying supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

BDO USA, LLP
Atlanta, Georgia
June 21, 2016

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
Cash	\$-	\$2
Investments, at fair value (Note 3):		
Common/collective trusts	2,697,671	2,611,712
Employer common stock fund	1,717,339	1,560,514
Registered investment companies	14,332,633	13,592,017
Total investments	18,747,643	17,764,243
Receivables:		
Notes receivable from participants	137,619	130,522
NET ASSETS AVAILABLE FOR BENEFITS	\$18,885,262	\$17,894,767

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

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended December 31, 2015

Additions to Net Assets	
Contributions:	
Participants	\$906,182
Employer	631,038
Rollovers	82,095
TOTAL CONTRIBUTIONS	1,619,315
Interest and dividend income	231,237
Net appreciation in fair market value of investments (Note 3)	112,858
TOTAL ADDITIONS TO NET ASSETS	1,963,410
Deductions from Net Assets	
Benefit payments to participants	931,359
Fees	41,556
TOTAL DEDUCTIONS	972,915
Net Increase	990,495
Net Assets Available for Benefits at Beginning of Year	17,894,767
Net Assets Available for Benefits at End of Year	\$18,885,262

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

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 1—DESCRIPTION OF THE PLAN

The following description of the Atlantic American Corporation 401(k) Retirement Savings Plan (the “Plan”) provides only general information. Participating members (“Participants”) should refer to the Plan document for a more complete description of the Plan’s provisions. Information with regard to eligibility, contributions, distributions, vesting, withdrawals, restoration, loans, fund redistribution, and definitions of all terms are contained in that document. The Administrative Committee, consisting of employees of the plan sponsor, is responsible for oversight of the Plan.

General: The Plan is a defined contribution plan available to all U.S. employees of Atlantic American Corporation and its subsidiaries (collectively, the “Company”) except collective bargaining employees, nonresident aliens, and leased employees. Employees eligible to participate are automatically enrolled effective on the date of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

Participating Companies: As of December 31, 2015, the Company owned four insurance subsidiaries, Bankers Fidelity Life Insurance Company and its wholly owned subsidiary, Bankers Fidelity Assurance Company, American Southern Insurance Company and its wholly owned subsidiary, American Safety Insurance Company, in addition to one non-insurance company, xCalibre Risk Services, Inc. All employees of these subsidiaries were eligible to participate in the Plan.

Plan Administration: Wells Fargo Bank, N.A. (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 automatically become a participant and are enrolled into the Plan at a 6% deferral rate on their date of hire. At any time, a participant may cease his or her contribution or change his or her deferral percentage in 1% increments up to 50% of his or her annual compensation, as defined by the Plan, subject to certain limitations under the Internal Revenue Code (the “Code”), and elect to contribute into any of the investment funds offered by the Plan. Participant pre-tax limitations were limited to \$18,000 for 2015 and \$17,500 for 2014.

Participants may also contribute amounts representing distributions from other qualified benefit plans. These contributions, if any, are classified as rollover contributions in the statement of changes in net assets available for benefits. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions to the Plan. The maximum individual catch-up contribution amount was \$6,000 for 2015 and \$5,500 for 2014.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

On January 1, 2009, the Company adopted safe harbor plan provisions such that the Plan would operate on a safe harbor basis. Safe harbor contributions are fully vested immediately. The Company provides a matching employer contribution equal to a certain percentage of each participant's contributions. The Company may also make employer profit-sharing contributions, at its discretion, which will be allocated among all eligible participants in the Plan whether they make contributions or not. For the year ended December 31, 2015 the Company's employer matching contribution equaled 35% of up to the first 6% of the person's pre-tax contribution changing from the previous December 31, 2014 employer matching contribution which equaled 50% of up to the first 4% of a participant's pre-tax contribution. In addition to the matching contribution, in 2015 and 2014 the Company also made a total employer profit sharing contribution of \$415,620 and \$391,136, respectively, which included a safe harbor non-elective contribution to all employees of 3% of compensation. All employer matching contributions are made in cash.

Vesting: Participants are always 100% vested in their own contributions including catch-up contributions, after-tax voluntary contributions, rollover contributions, safe harbor matching contributions and any discretionary profit sharing contributions. Further, all contributions are participant-directed.

Participants "vested percentage" attributable to certain employer contributions is based on years of continuous service determined under the following schedule.

Years of service:		
Less than one	0	%
One	20	%
Two	40	%
Three	60	%
Four	80	%
Five	100	%

In addition, participants become fully vested upon retirement, death, or disability.

Benefits: Upon termination of service due to death, disability, retirement, or separation from service, a participant or his or her beneficiary with a vested balance greater than \$5,000 may elect to receive an amount equal to the value of the participant's vested interest in his or her account or they may remain in the Plan but contributions cease. The form of payment, selected by the participant or his or her beneficiary, is either a lump-sum distribution or a direct rollover into a qualified retirement plan or individual retirement account. A vested balance less than \$5,000 is automatically distributed to the terminated participant or his or her beneficiary in the quarterly period following termination, unless otherwise directed.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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 investment income (loss). Allocations of income (loss) are based on the proportion that each participant's account balance bears to the total of all participant account balances and their investment elections.

Investment Options: Participants may direct their contributions and any related earnings into several investment options in 1% increments. Participants may change their investment elections at any time, subject to certain fund restrictions. As of December 31, 2015, participants in the Plan may invest in any of the following investment options:

Allianz NFJ Dividend Value Fund – seeks long-term growth of capital and income. The fund normally invests at least 80% of its net assets (plus borrowings made for investment purposes) in common stocks and other equity securities of companies that pay or are expected to pay dividends. It invests primarily in common stocks of companies with market capitalizations greater than \$3.5 billion.

Atlantic American Corporation Common Stock Fund – allows employees to directly participate in the future success of the company through stock ownership.

Baron Growth Fund – seeks capital appreciation. The fund invests for the long term primarily in equity securities in the form of common stock of small-sized growth companies with market capitalizations of under \$2.5 billion at the time of purchase selected for their capital appreciation potential. It purchases securities in businesses the advisor believes could double in value in four or five years, and then hopefully, double again in the next four to five years.

Columbia Acorn International Z - seeks long-term capital appreciation. Under normal circumstances, the fund invests at least 75% of its total assets in foreign companies in developed markets (for example, Japan, Canada and the United Kingdom) and in emerging markets (for example, China, India and Brazil). It normally invests a majority of its net assets in the common stock of small and mid-sized companies with market capitalizations under \$5 billion at the time of investment.

Columbia Small Cap Value Fund II Z – seeks long-term capital appreciation. The fund normally invests at least 80% of net assets in equity securities of companies that have market capitalizations in the range of the companies in the Russell 2000 Value Index that are believed to be undervalued and have the potential for long-term growth of capital. It may invest up to 20% of total assets in foreign securities including depository receipts. The fund normally invests in common stock and also may invest in REITs.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

DFA International Value Fund – seeks long-term capital appreciation. The fund is a feeder portfolio and pursues its objectives by investing substantially all of its assets in its corresponding Master fund, The DFA International Value Series of The DFA Investment Trust Company. The DFA International Value Series, intends to purchase securities of large companies associated with developed market countries that the advisor has designated as approved markets.

Fidelity Puritan Fund – seeks income and capital growth consistent with reasonable risk. The fund invests 60% of assets in stocks and other equity securities and the remainder in bonds and other debt securities, including lower-quality debt securities when its outlook is neutral. It invests at least 25% of total assets in fixed-income senior securities (including debt securities and preferred stock).

Harbor International Institutional - seeks long-term total return, principally from growth of capital. The fund invests normally in a minimum of ten countries throughout the world, focusing on companies located in Europe, the Pacific Basin and emerging industrialized countries whose economies and political regimes appear stable. It invests primarily (no less than 65% of its total assets) in common and preferred stocks of foreign companies, including those located in emerging market countries. Companies in the fund's portfolio generally have market capitalizations in excess of \$1 billion at the time of purchase.

Loomis Sayles Bond - seeks high total investment return through a combination of current income and capital appreciation. The fund normally invests at least 80% of its net assets in fixed-income securities. It will invest primarily in investment-grade fixed-income securities, although it may also invest up to 35% of its assets in below investment-grade fixed-income securities and up to 20% of its assets in equity securities, such as common stocks and preferred stocks (with up to 10% of its assets in common stocks).

Metropolitan West Total Return Bond I - seeks to maximize long-term total return. The fund pursues its objective by investing, under normal circumstances, at least 80% of its net assets in investment grade fixed income securities or unrated securities that are determined by the Adviser to be of similar quality. Up to 20% of the fund's net assets may be invested in securities rated below investment grade. The fund also invests at least 80% of its net assets plus borrowings for investment purposes in fixed income securities it regards as bonds.

Oppenheimer Global Opportunities Y – seeks capital appreciation. The fund invests mainly in equity securities of issuers in the U.S. and foreign countries. It currently emphasizes investments in equities, but it may also invest in debt securities and may invest up to 25% of its assets in "below-investment-grade" securities, commonly known as "junk bonds." The fund typically invests in a number of different countries and can invest in any country, including countries with developing or emerging markets. It invests a substantial portion of its assets in small and mid-sized companies.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Parametric Emerging Markets Inst C - seeks long-term capital appreciation. The fund normally invests at least 80% of its net assets in equity securities of companies located in emerging market countries. It intends to invest primarily in securities of companies located in countries included in the MSCI Emerging Markets Index or the MSCI Frontier Markets Index. It may invest in securities issued by companies with a broad range of market capitalizations. More than 25% of its total assets may be denominated in any single currency. The fund may also invest in other pooled investment vehicles and may lend its securities.

T. Rowe Price Blue Chip Growth Fund – seeks long-term growth of capital; income is secondary. The fund will normally invest at least 80% of assets in the common stocks of large and medium-sized blue chip growth companies. It focuses on companies with leading market position, seasoned management and strong financial fundamentals. The fund may sell securities for a variety of reasons to secure gains, limit losses or redeploy assets into more promising opportunities.

T. Rowe Price Equity Income - seeks a high level of dividend income and long-term capital growth primarily through investments in stocks. The fund will normally invest at least 80% of its net assets (including any borrowings for investment purposes) in common stocks, with an emphasis on large-capitalization stocks that have a strong track record of paying dividends or that are believed to be undervalued. It generally seeks investments in large-capitalization companies and the fund's yield, which reflects the level of dividends paid by the fund, is expected to normally exceed the yield of the S&P 500 Stock Index.

T. Rowe Price Retirement Strategy Funds – seeks the highest total return over time consistent with an emphasis on both capital growth and income. The funds invest in a set of underlying T. Rowe Price mutual funds representing a variety of asset classes and investment styles. Each fund's asset mix becomes more conservative – both prior to and after the respective stated target date – as time elapses. Once a fund reaches its most conservative planned allocation, approximately 30 years after its stated target retirement date, its allocation to stocks will remain fixed at approximately 20% of assets. The remainder will be invested in 60% fixed income securities and 20% short-term securities.

Vanguard Mid Cap Index Fund – seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Index, a broadly diversified index of the stocks of medium-size U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Vanguard Small Cap Index Fund – seeks to track the performance of a benchmark index that measures the investment return of small capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap 1750 Index, a broadly diversified index of the stocks of smaller U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Vanguard Total Bond Market Index Fund - seeks to track the performance of a broad, market-weighted bond index. The fund employs an indexing approach designed to track performance of the Barclays US Aggregate Float Adjusted Index. This index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States – including government, corporate and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities – all with maturities of more than one year. All of the fund’s investments will be selected through the sampling process and at least 80% of the fund’s assets will be invested in bonds held in the index.

Wells Fargo Enhanced Stock Market Fund G – seeks long term capital growth by owning a diversified portfolio of established companies which produce superior and sustainable earnings growth. The Fund invests principally in equity securities of large U.S. companies, which are defined as companies with market capitalizations within the range of the S&P 500 Index. The Trustee implements a systematic active management approach built upon a quantitatively oriented fundamental methodology. The Fund is S&P 500 Index centric investing in a wide range of sectors and industries. Under normal circumstances, management intends to keep the Fund’s assets fully invested in common stocks.

Wells Fargo Stable Return Fund N – seeks long term capital growth by owning a diversified portfolio of established companies which produce superior and sustainable earnings growth. The Fund achieves its investment objective of principal preservation through ownership of a broadly diversified portfolio of high quality assets, instruments with limited principal fluctuation, such as money market instruments and guaranteed investment contracts (GICs) or their alternatives, are heavily emphasized. Reinvestment risk is minimized through the employment of a laddered maturity structure. The Fund enhances return through the application of disciplined fixed income management techniques combined with fundamental economic, credit and market analysis.

During 2015, the PIMCO Total Return Fund was replaced as an investment alternative with the Metropolitan West Total Return Bond I.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Forfeitures: Amounts forfeited from non-vested accounts, if any, are generally used to pay for Plan expenses or reduce future employer contributions. Forfeitures of \$3,499 were used to offset administrative expenses charged to the Plan in 2015. At December 31, 2015 and 2014, there were \$463 and \$6, respectively, of forfeiture funds available to be used in the future.

Notes Receivable from Participants: 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 their vested account 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 balances 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.

Specified Hardship Withdrawals: Upon written application to the Trustee by a participant for a specified hardship withdrawal, the participant may withdraw from his or her fund accounts. Such withdrawal may be made only upon the express determination that it is necessary to prevent a severe financial hardship to such participant and specific to the following events: expenses for medical care; costs directly related to the purchase of a principal residence; payment of tuition and related educational fees; and to prevent eviction from a principal residence or foreclosure on the mortgage of a principle residence. A participant who has made a specified hardship withdrawal may include any amounts necessary to pay federal, state or local income taxes or penalties reasonably anticipated to result from the distribution; shall make no more than one withdrawal during any calendar quarter; and shall incur a mandatory suspension of all contributions for six months after such withdrawal.

Administrative Expenses: The Company pays certain administrative expenses of the Plan. Trustee and recordkeeping fees are shared between the Company and the Plan. Each participant account is charged a \$50 quarterly trustee and recordkeeping fee while the Company also pays a standard annual fee for trustee and record keeping. Fees resulting from individual participant transactions, such as loan origination and benefit payments, or certain investment elections, are paid by the participant and are included in the fee amount on the statement of changes in net assets available for benefits.

NOTE 2—ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates: The financial statements of the Plan are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements and accompanying notes. Actual results could differ from those estimates.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Notes Receivable from Participants: Participant loans are classified as notes receivable from participants measured at the unpaid principal balance plus unpaid accrued interest. The Plan classifies all notes receivable from participants with no payments received for six (6) months as “in default.” Defaulted notes receivable from participants are deemed distributed and recorded as benefits paid to the participants in the statement of changes in net assets available for benefits.

Investment Valuation and Income Recognition: The Plan's investments are reported at estimated fair value. Where available, quoted market prices are used to value investments. Shares of registered investment companies are valued at the net asset value of shares held by the Plan at year-end. The Plan's interest in the common/collective trusts is valued at the net asset value based on information reported by the investment advisor/trustee using the audited financial statements. The net asset value, as provided by the investment advisor/trustee, is used as a practical expedient to estimate fair value, and is based on the estimated fair value of the underlying investments held by the fund less the estimated fair value of its liabilities. The common/collective trusts do not have a finite life, unfunded commitments or significant restriction on redemptions and participant transactions may occur daily.

Purchases and sales of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on an accrual basis.

Investment securities, in general, are exposed to various risks, including interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

The following describes the fair value hierarchy and provides information as to the extent to which the Plan uses fair value to measure 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 Plan has the ability to access at the measurement date.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Level 2 Observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets or liabilities. The Plan assets identified as Level 2 instruments include employer securities and registered investment companies.

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 and provided primarily from the sponsors of the underlying funds. The use of different criteria or assumptions regarding data may yield different valuations.

Net Appreciation (Depreciation): Net realized gains (losses) and unrealized appreciation (depreciation) are recorded in the accompanying statement of changes in net assets available for benefits as net appreciation (depreciation) in fair market value of investments.

Net appreciation in fair market value of investments by major investment type for the year ended December 31, 2015 is as follows:

Employer securities - Common stock	\$292,430
Registered investment companies	(220,385)
Common/collective trusts	40,813
	\$112,858

Payment of Benefits: Distributions to participants are recorded when payment is made.

Recent Accounting Pronouncements: The Plan elected to early adopt ASU 2015-07 and the applicable parts of ASU 2015-12 in 2015.

Table of ContentsATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 3—INVESTMENTS

As of December 31, 2015, assets 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
Employer securities	\$ -	\$1,717,339	\$ -	\$1,717,339
Registered investment companies:				
Growth funds	\$ -	\$3,677,358	\$ -	3,677,358
Value funds	-	1,584,782	-	1,584,782
Balanced funds	-	1,975,451	-	1,975,451
Target date funds	-	3,583,289	-	3,583,289
International funds	-	247,218	-	247,218
Index funds	-	2,029,011	-	2,029,011
Fixed income funds	-	989,002	-	989,002
Other funds	-	246,522	-	246,522
Subtotal	\$ -	\$14,332,633	\$ -	14,332,633
Common/collective trusts measured at NAV*				2,697,671
Total				\$18,747,643

Table of ContentsATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

As of December 31, 2014, assets 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
Employer securities	\$ -	\$1,560,514	\$ -	\$1,560,514
Registered investment companies:				
Growth funds	\$ -	\$3,443,620	\$ -	3,443,620
Value funds	-	1,745,757	-	1,745,757
Balanced funds	-	1,820,114	-	1,820,114
Target date funds	-	2,973,003	-	2,973,003
International funds	-	244,011	-	244,011
Index funds	-	1,922,957	-	1,922,957
Fixed income funds	-	1,163,313	-	1,163,313
Other funds	-	279,242	-	279,242
Subtotal	\$ -	\$13,592,017	\$ -	13,592,017
Common/collective trusts measured at NAV*				2,611,712
Total				\$17,764,243

*Certain investments that are measured at fair value using the NAV per share practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Net Assets Available for Benefits.

At December 31, 2015, the Plan had no unfunded commitments related to the common/collective trusts.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Plan management periodically evaluates the significance of transfers between levels, if any, based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2015, there were no transfers between levels 1, 2, or 3.

NOTE 4—TAX STATUS

The Plan uses a Volume Submitter Plan sponsored by the Trustee. The Trustee received an opinion letter from the Internal Revenue Service (“IRS”), dated March 26, 2010, which states that the Volume Submitter Plan satisfies the applicable provisions of the Code. The Plan itself has not received a determination letter from the IRS. However, the Plan’s management believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income tax has been included in the Plan’s financial statements.

GAAP requires plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of the liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions and the Plan could be subject to income tax if certain issues were found by the IRS that could result in the disqualification of the Plan’s tax-exempt status; however, there are currently no audits for any tax periods in progress.

NOTE 5—PLAN 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 to 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.

Table of Contents

ATLANTIC AMERICAN CORPORATION
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 6—PARTY-IN-INTEREST TRANSACTIONS

The Plan held 332,641 shares and 371,463 shares of Atlantic American Corporation (the Plan Sponsor) common stock as of December 31, 2015 and 2014, respectively in the Atlantic American Corporation Common Stock Fund. The fund invests in Atlantic American Corporation common stock and money market funds and had an estimated fair value of \$1,717,339 and \$1,560,514, at December 31, 2015 and 2014, respectively.

Certain investments totaling \$2,697,671, held by the Plan at December 31, 2015, are managed by the Trustee and /or its affiliates. These investments, as well as notes receivable from participants, qualify as party-in-interest transactions.

16

Table of Contents

ATLANTIC AMERICAN CORPORATION
 401(k) RETIREMENT SAVINGS PLAN
 PLAN NUMBER 001
 58-1027114

SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2015

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment	Cost	Current Value
Allianz Global Investors	Allianz NFJ Dividend Value Ins. Fund, 59,717 units	(a)	\$ 917,850
* Atlantic American Corporation	Atlantic American Corporation Common Stock Fund, 72,300 units		1,717,339
Baron Capital, Inc.	Baron Growth Fund, 21,803 units	(a)	1,402,148
Columbia Management	Columbia Acorn Int'l Fund Z, 4,242 units	(a)	165,931
	Columbia Small Cap Value II Z Fund, 13,781 units	(a)	209,884
DFA International	DFA International VL Port INS CL, 12,808 units	(a)	205,309
Eaton Vance	Parametric Emerging Markets, 3,629 units	(a)	41,909
Fidelity Investments	Fidelity Puritan Fund, 97,169 units	(a)	1,975,451
Harbor Investments	Harbor International Fund, 2,921 units	(a)	173,565
Loomis Sayles		(a)	123,089

	Loomis Sayles Bond Fund Instl, 9,557 units		
Metropolitan West	Total Return Bond CL I, 81,536 units	(a)	865,913
Oppenheimer Funds	Oppenheimer Global Opportunities Y Fund, 5,453 units	(a)	246,522

Table of Contents

ATLANTIC AMERICAN CORPORATION
 401(k) RETIREMENT SAVINGS PLAN
 PLAN NUMBER 001
 58-1027114

SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2015

T. Rowe Price	T. Rowe Price Equity Income, 10,229 units	(a)	291,117
	T. Rowe Price Blue Chip Growth Fund, 29,036 units	(a)	2,101,645
	T. Rowe Price Retirement Fund 2005, 19,684 units	(a)	244,672
	T. Rowe Price Retirement Fund 2010, 13,612 units	(a)	229,772
	T. Rowe Price Retirement Fund 2015, 48,642 units	(a)	665,423
	T. Rowe Price Retirement Fund 2020, 19,689 units	(a)	387,682
	T. Rowe Price Retirement Fund 2025, 39,193 units	(a)	585,786
	T. Rowe Price Retirement Fund 2030, 13,778 units	(a)	300,492
	T. Rowe Price Retirement Fund 2035, 21,718 units	(a)	342,926
	T. Rowe Price Retirement Fund 2040, 16,507 units	(a)	372,721
	T. Rowe Price Retirement Fund 2045, 2,989 units	(a)	45,316
	T. Rowe Price Retirement Fund 2050, 28,573 units	(a)	364,018
	T. Rowe Price Retirement Fund 2055, 3,500 units	(a)	44,481
Vanguard Group	Vanguard Small Cap Index Fund, 9,237 units	(a)	490,000
	Vanguard Mid Cap Index Fund, 6,028 units	(a)	896,538
	Vanguard Total Bond Market Index I Fund, 60,383 units	(a)	642,473
* Various Plan Participants	Participant loans with varying maturities and interest rates of 4.25%	-	137,619
*, ** Wells Fargo Bank, NA	Wells Fargo Enhanced Stock Market Fund G, 3,950 units	(a)	707,112
	Wells Fargo Stable Return Fund N, 37,994 units	(a)	1,990,559
TOTAL			\$18,885,262

* Indicates party in interest

** Common/collective trusts

(a) Participant-directed

Table of Contents

Exhibit 2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Atlantic American Corporation 401(k) Retirement Savings Plan
Atlanta, Georgia

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 33-90890) of Atlantic American Corporation of our report dated June 21, 2016, relating to the financial statements and supplemental schedule of Atlantic American Corporation 401(k) Retirement Savings Plan which appear in this Form 11-K for the year ended December 31, 2015.

BDO USA, LLP
Atlanta, Georgia
June 21, 2016