

ATLANTIC AMERICAN CORP
Form 10-Q
November 08, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2010

OR

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

Commission File Number 0-3722

ATLANTIC AMERICAN CORPORATION
(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of
incorporation or organization)

58-1027114
(I.R.S. Employer
Identification No.)

4370 Peachtree Road, N.E.,
Atlanta, Georgia
(Address of principal executive offices)

30319
(Zip Code)

(404) 266-5500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)
Smaller reporting company

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

The total number of shares of the registrant's Common Stock, \$1 par value, outstanding on November 4, 2010, was 22,269,206.

ATLANTIC AMERICAN CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ATLANTIC AMERICAN CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except par value)

ASSETS

	Unaudited September 30, 2010	December 31, 2009
Cash and cash equivalents, including short-term investments of \$14,703 and \$14,697	\$ 64,907	\$ 20,129
Investments:		
Fixed maturities (cost: \$143,430 and \$189,111)	151,581	184,060
Common and non-redeemable preferred stocks (cost: \$8,631 and \$8,631)	7,591	6,914
Other invested assets (cost: \$1,013 and \$1,021)	1,013	1,021
Policy and student loans	2,130	2,139
Real estate	38	38
Investment in unconsolidated trusts	1,238	1,238
Total investments	163,591	195,410
Receivables:		
Reinsurance	11,532	11,489
Other (net of allowance for doubtful accounts: \$521 and \$533)	8,518	6,023
Deferred income taxes, net	418	6,041
Deferred acquisition costs	20,558	19,453
Other assets	1,911	1,413
Goodwill	2,128	2,128
Total assets	\$ 273,563	\$ 262,086

LIABILITIES AND SHAREHOLDERS' EQUITY

Insurance reserves and policy funds:

Future policy benefits	\$ 60,399	\$ 58,981
Unearned premiums	20,709	18,130
Losses and claims	50,675	50,112
Other policy liabilities	1,330	1,990
Total policy liabilities	133,113	129,213
Accounts payable and accrued expenses	12,273	14,165
Junior subordinated debenture obligations	41,238	41,238
Total liabilities	186,624	184,616

Commitments and contingencies (Note 10)

Shareholders' equity:

Preferred stock, \$1 par, 4,000,000 shares authorized; Series D preferred, 70,000 shares issued and outstanding; \$7,000 redemption value

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Common stock, \$1 par, 50,000,000 shares authorized; shares issued: 22,373,900; shares outstanding: 22,274,962 and 22,291,310	22,374	22,374
Additional paid-in capital	57,129	57,129
Retained earnings	4,041	3,404
Accumulated other comprehensive income (loss)	3,453	(5,405)
Treasury stock, at cost: 98,938 and 82,590 shares	(128)	(102)
Total shareholders' equity	86,939	77,470
Total liabilities and shareholders' equity	\$ 273,563	\$ 262,086

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenue:				
Insurance premiums	\$24,577	\$22,774	\$72,322	\$68,512
Investment income	2,302	2,699	7,435	8,142
Realized investment gains, net	211	14	224	1
Other income	56	51	215	202
Total revenue	27,146	25,538	80,196	76,857
Benefits and expenses:				
Insurance benefits and losses incurred	16,451	15,840	49,266	45,753
Commissions and underwriting expenses	7,409	6,804	21,376	21,734
Interest expense	660	679		