ASSURANCEAMERICA CORP
Form DEF 14A
April 10, 2007

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

ASSURANCEAMERICA 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)(1) 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 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.
o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
1) Amount Previously Paid:
2) Form, Schedule or Registration Statement No.:
3) Filing Party:
4) Date Filed:

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ASSURANCEAMERICA CORPORATION
RiverEdge One
Suite 600
5500 Interstate North Parkway
Atlanta, Georgia 30328

NOTICE OF ANNUAL SHAREHOLDERS MEETING
To Be Held April 26, 2007

Notice is hereby given that the 2007 Annual Shareholders Meeting (the Annual Meeting) of AssuranceAmerica Corporation, a Nevada corporation, will be held at our main offices at RiverEdge One, Suite 600, 5500 Interstate North Parkway, Atlanta, Georgia 30328, on Thursday, April 26, 2007, at 11:15 a.m., local time, for the following purposes:

1. *Election of Directors.* To elect eight directors to serve until the 2008 Annual Shareholders Meeting and until their successors are duly elected and qualified; and

2. *Other Business.* The transaction of such other business as may properly come before the Annual Meeting, including adjourning the Annual Meeting to permit, if necessary, further solicitation of proxies.

Only shareholders of record at the close of business on April 2, 2007, are entitled to receive notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

Your vote is very important, regardless of the number of shares you own. You are encouraged to vote by proxy so that your shares will be represented and voted at the Annual Meeting even if you cannot attend. All shareholders of record can vote by using the proxy card. However, if you are a shareholder whose shares are not registered in your own name, you will need additional documentation from your record holder to vote personally at the Annual Meeting.

By Order Of the Board of Directors

/s/ Guy W. Millner

Guy W. Millner
Chairman

/s/ Lawrence Stumbaugh

Lawrence Bud Stumbaugh
President and Chief Executive Officer

Atlanta, Georgia
April 5, 2007

ASSURANCEAMERICA CORPORATION
PROXY STATEMENT FOR 2007 ANNUAL SHAREHOLDERS MEETING

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ASSURANCEAMERICA CORPORATION
PROXY STATEMENT FOR THE
2007 ANNUAL SHAREHOLDERS MEETING

This Proxy Statement is being furnished to you in connection with the solicitation by and on behalf of our Board of Directors of proxies for use at the 2007 Annual Shareholders Meeting (the Annual Meeting) at which you will be asked to vote upon:

the election of eight Directors to serve until the 2008 Annual Shareholders Meeting and until their successors are duly elected and qualified (see Proposal 1); and

such other business as may properly come before the Annual Meeting, including adjourning the meeting to permit, if necessary, further solicitations of proxies.

The Annual Meeting will be held at 11:15 a.m., local time, on Thursday, April 26, 2007, at our main offices at RiverEdge One, Suite 600, 5500 Interstate North Parkway, Atlanta, Georgia 30328. This Proxy Statement and the enclosed proxy are first being mailed to shareholders on or about April 5, 2007.

VOTING INFORMATION

Proxy Card and Revocation

You are requested to promptly sign, date and return the accompanying proxy card to us in the enclosed envelope. Any shareholder who has delivered a proxy may revoke it at any time before it is voted by either electing to vote in person at the Annual Meeting, by giving notice of revocation in writing or by submitting to us a signed proxy bearing a later date, provided that we actually receive such notice or proxy prior to the taking of the shareholder vote at the Annual Meeting. Any notice of revocation should be sent to: AssuranceAmerica Corporation, RiverEdge One, Suite 600, 5500 Interstate North Parkway, Atlanta, Georgia 30328, Attention: Mark H. Hain, Secretary. The shares of our common and preferred stock represented by properly executed proxies received at or before the Annual Meeting and not subsequently revoked will be voted as directed in such proxies. If instructions are not given, shares represented by proxies received will be voted FOR the election of each of the eight nominees for Director. As of the date of this Proxy Statement, we are unaware of any other matter to be presented at the Annual Meeting.

Who Can Vote; Voting Of Shares

Our Board of Directors has established the close of business on April 2, 2007, as the record date (the Record Date) for determining our shareholders entitled to notice of and to vote at the Annual Meeting. Only our shareholders of record as of the Record Date will be entitled to vote at the Annual Meeting. A plurality of votes cast at the Annual Meeting will be required to elect eight Directors to serve until the 2008 Annual Shareholders Meeting and until their successors are duly elected and qualified. A plurality means that the nominees who receive the most votes for the available directorships will be elected as Directors. Accordingly, the withholding of authority by a shareholder will not be counted in computing a plurality and will have no effect on the results of the election of such nominees. The affirmative majority votes of our outstanding common stock and preferred stock, voting together as a class, present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to approve any other matter properly brought before the Annual Meeting.

Under certain circumstances, brokers are prohibited from exercising discretionary authority for beneficial owners who have not returned proxies to the brokers (so-called broker non-votes). In such cases, those shares will be counted for the purpose of determining if a quorum is present but will not be included in the vote totals with respect to those

matters for which the broker cannot vote. Abstentions and broker non-votes are each included in the determination of the number of shares present and voting for the purpose of determining whether a quorum is present, and each is tabulated separately. Because Directors are elected by a

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plurality, abstentions and broker non-votes have no effect on the election of Directors. In all other matters, abstentions are counted as votes against a proposal and broker non-votes are not counted.

As of the Record Date, there were 56,642,971 shares of our common stock outstanding and entitled to vote at the Annual Meeting, with each share entitled to one vote. As of the Record Date, there were 800,000 shares of our Series A Convertible preferred stock (preferred stock) outstanding and entitled to vote at the Annual Meeting. Each share of preferred stock is entitled to ten (10) votes, representing the current number of shares of common stock into which each share of preferred stock may be converted. Holders of common stock and holders of preferred stock will vote together without regard to class on the matters to be voted upon at the Annual Meeting.

The presence, in person or by proxy, of holders of 10% of the outstanding shares of our common and preferred stock entitled to vote at the Annual Meeting is necessary to constitute a quorum of the shareholders in order to take action at the Annual Meeting. For these purposes, shares of our common and preferred stock that are present, or represented by proxy, at the Annual Meeting will be counted for quorum purposes regardless of whether the holder of the shares or proxy fails to vote on any matter or whether a broker with discretionary authority fails to exercise its discretionary voting authority with respect to any matter.

How You Can Vote

You may vote your shares by marking the appropriate boxes on the enclosed proxy card. You must sign and return the proxy card promptly in the enclosed self-addressed envelope. **Your vote is important. Even if you plan to attend the Annual Meeting in person, please return your marked proxy card promptly to ensure that your shares will be represented.**

PROPOSAL 1

ELECTION OF DIRECTORS

Number of Directors

Our Bylaws provide that our Board of Directors will consist of not less than three directors and no more than ten directors. The number of Directors has been set at eight by the Board. Our Board of Directors currently consists of eight Directors.

Nominees

We have selected eight nominees that we propose for election to our Board of Directors. The nominees are: John E. Cay III, Quill O. Healey, Guy W. Millner, Donald Ratajczak, John Ray, Kaaren J. Street, Lawrence (Bud) Stumbaugh, and Sam Zamarripa. Each of the nominees presently serves on our Board of Directors. It is intended that each proxy solicited on behalf of the Board of Directors will be voted only for the election of the designated nominees.

Each of the nominees has consented to being named in this Proxy Statement and to serve as a Director if elected. In the event that any nominee withdraws or for any reason is not able to serve as a Director, the proxy will be voted for such other person as may be designated by the Board of Directors (or to reduce the number of persons to be elected by the number of persons unable to serve), but in no event will the proxy be voted for more than eight nominees.

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Board of Directors

The following table sets forth the names and ages, as of March 23, 2007, of the current members of our Board of Directors, each of whom has been nominated for reelection.

Name	Age	Director Since	Position
Guy W. Millner	71	2003	Chairman of the Board
Lawrence (Bud) Stumbaugh	66	2003	CEO & President
Donald Ratajczak	64	2000	Director
Quill O. Healey	67	2003	Director
John E. Cay III	62	2003	Director
Kaaren J. Street	60	2004	Director
Sam Zamarripa	54	2004	Director
John Ray	46	2005	Director

Biographies of Directors

Guy W. Millner has served as the Chairman of the Board since June 2003. Mr. Millner served as Chairman of AA Holdings, LLC, the predecessor of the Company, from 1998 to 2003. From 1961 to 1999, Mr. Millner served as Chairman of Norrell Corporation, a leading provider of staffing and outsourcing solutions. Mr. Millner also serves on the Board of Directors of Matria Healthcare, Inc.

Lawrence (Bud) Stumbaugh has served as our President and Chief Executive Officer and on our Board of Directors since June 2003. He served as President and Chief Executive Officer of AA Holdings, LLC from 1998 to 2003. Prior to joining AA Holdings, LLC, Mr. Stumbaugh was President and Chief Executive Officer of Lawmark International Corporation.

Donald Ratajczak has served on our Board of Directors since 2000. Dr. Ratajczak previously served as the Chairman of our Board of Directors and our Chief Executive Officer from May 2000 to June 2003. From May 2000 to November 2000, Dr. Ratajczak also served as our President. From July 1973 to June 2000, he served as a professor and Director of Economic Forecasting Center at the J. Mack Robinson College of Business at Georgia State University. Dr. Ratajczak also currently serves on the Board of Directors of the following organizations: Crown Crafts, Inc., a textile manufacturing company; Ruby Tuesday, Inc., a food service company; Citizens Bancshares, a holding company for Citizens Trust Company; and Regan Holdings, an insurance marketing company. He is a consulting economist for Morgan, Keegan & Co., a broker/dealer company.

Quill O. Healey has served on our Board of Directors since June 2003 and is Managing Partner of Healey Investments, L.P. He retired as Chairman of Marsh, USA in 2001, after serving in that capacity since 1998.

John E. Cay III has served on our Board of Directors since June 2003. He serves as Chairman of Wachovia Insurance Services since May 2005 and served as Chairman and Chief Executive Officer of Palmer & Cay, Inc., a risk management and benefits consulting firm, from 1972 to May 2005.

Sam Zamarripa has served on our Board of Directors since August 2004. Mr. Zamarripa has been a managing partner of Heritage Capital Advisors, LLC, an investment banking services firm, for the last five years. Mr. Zamarripa is a director nominee requested by the majority holder of the preferred stock.

Kaaren J. Street has served on our Board of Directors since November 2004. She has been the President of K Street Associates, Inc., a business development and consulting firm since 2003. From August 2001 to August 2003, Mrs. Street served as the Associate Deputy Administrator for Entrepreneurial Development, for the U.S. Small Business Administration. Prior to 2001, Mrs. Street served as Vice-President of Enterprise Florida, Inc., a public private partnership responsible for economic development and international trade in Florida. She also serves on the Board of Directors of Matria Healthcare, Inc.

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John Ray has served on our Board since November 2005. For more than the last five years, he has been the President of Heritage Capital Advisors, LLC, a private equity and financial advisory firm based in Atlanta. Mr. Ray is a director nominee requested by the majority holder of the preferred stock.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH NAMED NOMINEE FOR DIRECTOR.

Meetings and Committees of the Board

Our Board of Directors held four meetings during the year ended December 31, 2006. Each Director attended 75% or more of the aggregate number of meetings held by the Board of Directors and the Committees, if any, on which such Director served. The Board of Directors has a standing Compensation Committee and Audit Committee. Copies of the current charters for each of the Compensation Committee and Audit Committee are available at our website, www.assuranceamerica.com, under Governance in the investor relations section of the website.

The Audit Committee is composed of Mr. Healey, Mr. Cay, and Dr. Ratajczak. The Audit Committee met six times in 2006. The Audit Committee acts pursuant to a charter adopted by the Board of Directors. Mr. Healey and Dr. Ratajczak are audit committee financial experts as defined by the SEC rules.

The Compensation Committee is composed of Mr. Zamarripa, Chairman, Mr. Ray and Mrs. Street. The Compensation Committee met twice in 2006. The Compensation Committee is generally responsible for overseeing the compensation and benefits of our management and employees and acts in accordance with a charter adopted by the board of directors. The Compensation Committee s has the specific responsibility to: (i) establish the compensation of the Company s executive officers including salary, bonus, equity grants, perquisites, and other forms of compensation; (ii) administer the Company s equity incentive plans including the Company s stock option plan; and (iii) perform such other duties and responsibilities as the Board of Directors deems appropriate. The Chairman and the CEO are regularly invited to attend meetings of the committee but are excused from the meeting during any discussion of their own compensation. As members of the Board, the members of the committee receive information concerning the performance of the Company during the year and interact with our management. During the committee s deliberations on executive compensation, the Chairman gives the committee and the Board an assessment of his performance during the year just ended; he also reviews the performance of the CEO and the other executive officers with the committee and makes recommendations regarding their compensation. Before setting executive compensation, the committee reviews the total compensation and benefits of the executive officers, the history of changes to their compensation, annual performance evaluations of each individual executive officer, the Company s financial and non-financial results for the year, and competitive market information regarding compensation at comparable companies and competitors. The committee has the authority to retain independent experts and advisors but decided not to do so in 2006. The committee may delegate its authority as provided in its charter; however, it has not done so except to delegate to the CEO the authority to grant stock options under the Company s stock option plan pursuant to specific criteria and limitations established by the committee. The CEO has typically used the delegated authority to make grants of stock options as needed between regularly scheduled meetings of the compensation committee to newly hired employees. The compensation committee reviews such grant activity at its regularly scheduled meetings.

Because approximately 66% of our outstanding common stock is beneficially held by two individuals, our Board of Directors feels that it is appropriate not to have to have a standing Nominating Committee. Each of the members of our Board of Directors participates in the consideration of Director nominees. The Board has not established specific, minimum qualifications for a nominee to the Board of Directors. The Board considers the personal attributes of a candidate, including: leadership, integrity, independence, interpersonal skills, contributing nature, and effectiveness. The candidates experience attributes are also considered and include: financial acumen, general business experience,

industry knowledge, diversity of viewpoint, special business experience, and expertise. Messrs. Healey, Cay, Ratajczak, Ray, Zamarripa, and Mrs. Street are independent directors, as defined in Rule 4200 of the Nasdaq manual, the standard we use to evaluate the independence of our directors, and SEC Rule 10A- 3(b) (1) (ii) regarding independence of audit committee members.

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Messrs. Millner and Stumbaugh serve as our Chairman and President and Chief Executive Officer, respectively. As a result, Messrs. Millner and Stumbaugh are not independent directors. Our Board of Directors does not have a charter relating to the nomination of Directors. Our Board of Directors does not consider nominees for Director submitted by shareholders.

Our directors are expected to attend each annual shareholders meeting but are not required to do so. Last year, each director attended our annual shareholders meeting.

Communicating with the Board

If you wish to communicate with our Board of Directors or any individual Director, you may send correspondence to: AssuranceAmerica Corporation, RiverEdge One, Suite 600, 5500 Interstate North Parkway, Atlanta, Georgia 30328, Attention: Corporate Secretary. Our Corporate Secretary will submit your correspondence to the Board or the appropriate Director, as applicable.

Director Compensation

Our non-officer Directors are granted an option to purchase 50,000 shares of our common stock (exercisable over five years with the exercise price equal to the fair market value of our common stock on the date of the grant) upon their initial election to the Board of Directors. Annually, each Director may choose between an award of 20,000 shares of our common stock or a cash payment of $2,500 per quarter. We reimburse each non-officer director for travel expenses related to attendance at Board and committee meetings. In setting non-officer director compensation, the Company considers the significant amount of time the directors expend in fulfilling their duties to the Company as well as the skill-level required by the Company of members of the Board. Periodically, the Board reviews and considers changes to non-officer directors compensation as recommended to the Board by the Compensation Committee. No changes were made in 2006.

For the year ended December 31, 2006, Guy W. Millner and Lawrence Stumbaugh were not compensated in their capacity as Directors. Donald Ratajczak, Sam Zamarripa, Quill O. Healey, Kaaren J. Street, John Ray, and John E. Cay III each accepted a grant of 20,000 shares of our common stock in lieu of cash compensation for their service for the year ended December 31, 2006.

DIRECTOR COMPENSATION

Name	Stock Awards ($)	Total ($)
Donald Ratajczak	16,600	16,600
Quill O. Healey	16,600	16,600
John E. Cay III	16,600	16,600
Kaaren J. Street	16,600	16,600
Sam Zamarripa	16,600	16,600
John Ray	16,600	16,600

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table provides information concerning beneficial ownership of our common stock and preferred stock as of March 20, 2007, by: (i) each shareholder that we believe owns more than 5% of our outstanding common or

preferred stock; (ii) each of our Named Executive Officers; (iii) each of our Directors; and (iv) all of our Directors and executive officers as a group.

The following table lists the applicable percentage of beneficial ownership based on 56,642,971 shares of common stock and 800,000 shares of convertible preferred shares outstanding on March 20, 2007. Except

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where noted, the persons or entities named have sole voting and investment power with respect to all shares shown as beneficially owned by them.

	Number of Shares Beneficially Owned		Percentage of Ownership (%)	
Name of Beneficial Owner(1)	**Common**	**Preferred**	**Common**	**Preferred**
Guy W. Millner	31,449,192(2)		55.5	
Lawrence (Bud) Stumbaugh	5,095,647(3)		9.0	
Donald Ratajczak	266,500		*	
Quill O. Healey	70,000(4)		*	
John E. Cay III	180,000(5)		*	
Kaaren J. Street	53,332(6)		*	
Sam Zamarripa	108,000(13)	6,800(9)	*	*
John Ray	11,469,231(7)	592,000(10)	18.3	74.0
Heritage Assurance Partners, LLP	10,180,000(12)	592,000(10)	16.3	74.0
Joseph J. Skruck	378,300(8)		*	
Directors & executive officers as a group (13 persons)	50,877,077(11)	598,800	80.2	74.2

* Less than 1.0%.

(1) Except as otherwise stated, the beneficial owner s address is RiverEdge One, Suite 600, 5500 Interstate North Parkway, Atlanta, Georgia 30328.

(2) Includes indirect beneficial ownership by Mr. Millner of 2,119,500 shares of our common stock held by MI Holdings, Inc, a corporation controlled by Mr. Millner.

(3) Includes 5,000 shares of our common stock held by Mr. Stumbaugh s spouse as custodian for her son under the Georgia Transfers to Minors Act and an option to purchase 6,300 shares of our common stock exercisable within 60 days .

(4) Includes an option to purchase 50,000 shares of our common stock exercisable within 60 days.

(5) Includes an option to purchase 50,000 shares of common stock exercisable within 60 days.

(6) Includes an option to purchase 33,332 shares of our common stock exercisable within 60 days.

(7) Includes 1,269,231 shares of our common stock held by Heritage Assurance Partners II, LLP (HAPII), and 4,260,000 shares of our common stock held by Heritage Assurance Partners, LLP (HAP), and 5,920,000 shares of our common stock into which the preferred shares held by HAP are currently convertible. Heritage Fund Advisors, LLC (HFA) and HAP (as to 4,260,000 common shares and the preferred shares and common shares into which the preferred shares are convertible) and HAPII (as to the remaining common shares) have shared voting and dispositive powers with respect to such shares, respectively. John Ray is the sole manager of HFA and disclaims any beneficial ownership of such shares.

(8) Includes an option to purchase 366,000 shares of common stock exercisable within 60 days.

(9) Consists of preferred shares owned by Mr. Zamarripa s spouse.

(10) According to a Schedule 13G, filed August 28, 2004, on behalf of HFA, HAP, and John Ray, HFA and HAP have shared voting and dispositive power with respect to these shares; and John Ray disclaims any beneficial ownership of such shares. HAP s address is 3353 Peachtree Road, Suite 1040, Atlanta, Georgia 30326.

(11) Includes options to purchase common stock exercisable within 60 days and common shares into which the preferred shares are currently convertible.

(12) Includes 5,920,000 shares of our common stock into which the preferred shares owned by HAP are currently convertible; see also footnote (7) and (10).

(13) Includes 68,000 shares of our common stock into which the 6800 preferred shares owned by his spouse are convertible; see also footnote (9).

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EXECUTIVE COMPENSATION

The following table sets forth the compensation paid or accrued by the Company to the Chief Executive Officer and the other two most highly paid executive officers of the Company in 2006 who were executive officers at December 31, 2006 and whose annual compensation exceeded $100,000 (the Named Executive Officers). The information presented is for the years ended December 31, 2006, and 2005.

Summary Compensation Table

		Annual Compensation				
Name & Principal Position(1)	Year Ended December 31,	Salary ($)	Bonus ($)	Option Awards ($)(3)	All Other Compensation(2)	Total
Lawrence Stumbaugh,	2006	224,216		4,187	14,477	242,880
President & CEO	2005	172,213	31,500		14,463	218,176
Joseph J. Skruck,	2006	174,298		25,194	13,541	213,013
President of AssuranceAmerica	2005	150,003	30,000		12,260	192,263
Managing General Agency, LLC, a subsidiary of the Company						
Guy W. Millner, Chairman	2006	174,298			38,741	204,361
	2005				55,197	55,197

(1) Mr. Millner was appointed Chairman effective June, 2003, and served without compensation until January 1, 2006. Mr. Stumbaugh was appointed President and Chief Executive Officer effective April 1, 2003. Mr. Skruck was appointed President of AssuranceAmerica Managing General Agency, LLC, effective April 1, 2003.

(2) Amounts shown consist of certain perquisites, none of which had a value exceeding 25% of the total value of all perquisites provided.

(3) The exercise price of all option grants in 2006 and 2005 is equal to the fair market value of the common stock on the date of grant and each grant has a five-year term. The option grants in will vest 20 percent on each anniversary of the date of grant. The option awards are calculated in accordance with SFAS 123R Share-based Payment. The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model using the assumptions noted in the following table. Expected volatilities are base on historical volatilities of the Company s stock. The Company uses historical data to estimate expected term within the valuation model. No provision for forfeitures is applied to option awards presented in this table. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company does not provide for any expected dividends or discount for post-vesting restrictions in the model. Additional information about the Company s recognition of stock based compensation may be found in the Company s annual report on Form 10-KSB.

Outstanding Equity Awards At Fiscal Year End

None of the Named Executive Officers exercised any stock options during the year ended December 31, 2006. The following table provides information regarding the exercisable and unexercisable stock options held as of December 31, 2006, by each Named Executive Officer. Generally, option grants have a five-year one

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month term and were issued pursuant to our existing stock option plan. The option grants vest 20 percent on each anniversary of the date of grant.

	Number of Securities Underlying Unexercised Options at December 31, 2006			
Name	Exercisable (#)	Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date
Lawrence Stumbaugh		31,500	$ 0.88	02/02/2011
Joseph J. Skruck		30,000	$ 0.88	02/02/2011
Guy W. Millner	270,000	180,000	$ 0.25	12/31/2008

On July 10, 2002, the Company entered into an employment agreement with Mr. Stumbaugh, its CEO and President. The agreement is terminable upon 90 days notice by either party. In the event Mr. Stumbaugh s employment is terminated other than for cause (as defined in the agreement), the Company will pay Mr. Stumbaugh 24 months of base salary plus his most recent bonus and reimburse him for his COBRA premiums, payable monthly. If Mr. Stumbaugh terminates his employment with the Company, the Company will pay him three months base salary and reimburse him for his COBRA premiums for three months. In the event of a termination for cause, Mr. Stumbaugh will receive no post termination compensation.

On March 8, 2006, the Company entered into an employment agreement with Mr. Skruck. The agreement is terminable at will by either party. In the event the Company terminates Mr. Skruck s employment without cause (as defined in the agreement) or as a result of death or disability, the Company will pay Mr. Skruck 12 months base salary and reimburse him for his COBRA premiums for up to 12 months. In addition, if such termination occurs within 12 months of a change in control of the Company, all options fully vest but must be exercised within 30 days of the date of termination. The obligations to pay post termination compensation are conditioned upon Mr. Skruck s execution of a separation and release agreement and compliance with certain restrictive covenants set forth in the agreement.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the past, our Chairman, Mr. Millner, and our Chief Executive Officer, Mr. Stumbaugh, have loaned us approximately $6.2 million and $0.3 million, respectively, in exchange for promissory notes. We incurred interest on the promissory notes to our Chairman, Mr. Millner, of $328,538 in 2006 and $437,827 in 2005. Additional payments of $759,791 and $1,347,561 for accrued and unpaid interest were made to Mr. Millner in 2006 and 2005, respectively. We also made principal payments to Mr. Millner in the amount of $397,059 and $0 in 2006 and 2005, respectively. We incurred interest on the promissory note to Mr. Stumbaugh, of $13,894 and $24,241 in 2006 and in 2005, respectively. We also made principal payments to Mr. Stumbaugh in the amounts of $100,728 and $78,006 in 2006 and in 2005, respectively. Outstanding amounts under the promissory notes held by Messrs. Millner and Stumbaugh accrue interest at an annual rate of 8%. The note to Mr. Stumbaugh requires annual principal payments of $100,000 beginning December, 2004; however, the December 2004 payment was deferred until 2005. The notes to Mr. Millner require annual principal payments of the greater of $500,000 or 25% of Net Cash Flow (net income after tax plus non cash items minus working capital) on each of two notes beginning in December, 2004; the December 2004 payment was deferred until 2005. The promissory notes are not secured by any of our assets.

In July 2004, we purchased substantially all of the assets of Thomas-Cook Holding Company (TCHC), which was controlled by James C. Cook, a Division President of the Company. Pursuant to the Agreement, as consideration for the purchased assets, we paid TCHC $462,000 in cash, issued TCHC a promissory note in the amount of $1,078,000, and issued TCHC 1,320,000 shares of our common stock. The principal amount of the Promissory Note is payable in three equal installments on each of August 1, 2005, August 1, 2006, and August 1, 2007. Outstanding amounts under the promissory note accrue interest at an annual rate of 8%. We are required to make payments of accrued and unpaid interest on outstanding amounts under the promissory note on a quarterly basis. We incurred $48,085 and $77,355 of interest on this promissory note in 2006 and

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2005, respectively. We made principal payments in the amounts of $359,333 and $359,333 in 2006 and in 2005, respectively.

INDEPENDENT AUDITORS

The Board of Directors has appointed Porter Keadle Moore, LLP, our independent auditors, to audit our financial statements for the fiscal year ended December 31, 2006. We anticipate that representatives of Porter Keadle Moore, LLP will be present at the Annual Meeting. They will be able to make a statement, if desired, and to respond to questions.

There have been no disagreements concerning any matter of accounting principle or financial statement disclosure between us and Porter Keadle Moore, LLP.

Principal Accountant Audit and Non-Audit Fees

Aggregate fees for professional services rendered by Porter Keadle Moore, LLP, our independent auditors, for the period indicated below are as follows:

		Fiscal Year Ended December 31, 2006
Audit Fees	$	111,000
Audit-Related Fees		0
Tax Fees		0
All Other Fees		0
Total	$	111,000

Audit Fees. This category includes the aggregate fees billed for professional services rendered for the audit of our consolidated financial statements for the fiscal year ended December 31, 2006, and for services that are normally provided by our independent auditors in connection with statutory and regulatory filings or engagements for the relevant fiscal years.

Audit-Related Fees. This category includes the aggregate fees billed for assurance and related services by our independent auditors that are reasonably related to the performance of the audits or reviews of the financial statements and are not reported under Audit Fees, as noted above.

Tax Fees. This category includes the aggregate fees billed for Federal and State tax preparation services by our independent auditors.

All Other Fees. No fees were billed for products and services provided by our independent auditors that are not reported under Audit Fees, Audit-Related Fees, or Tax Fees, as noted above.

The Audit Committee reviews and pre-approves audit and non-audit services performed by our independent auditors, as well as the fee charged for such services. All of the fees described above were approved by the Audit Committee.

All of the audit services provided by our independent auditors were pre-approved by the Audit Committee and the Board of Directors.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our Directors, executive officers and persons who own beneficially more than 10% of a registered class of our equity securities to file with the Securities and Exchange Commission (the SEC) initial reports of ownership and reports of changes in ownership of such securities. Directors, executive officers and greater than 10% shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file.

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To the best of our knowledge, the Section 16(a) filing requirements applicable to our Directors, executive officers and greater than 10% shareholders were complied with during the year ended December 31, 2006; provided, however, that (i) one Form 3 was filed late, by Courtney Wright; (ii) one Form 4 to report an option grant was reported late, by each of Mr. Hain, Mr. Stumbaugh, Mr. Cook, Mr. Skruck, and Mrs. Pinczes, and (iii) two Form 4s to report the disposition of shares by gift were reported late by Mr. Millner.

REPORT OF THE AUDIT COMMITTEE

The following is the report of the Audit Committee with respect to the Company s audited financial statements for the fiscal year ended December 31, 2006.

The purpose of the Audit Committee is to assist the Board of Directors in its oversight of the Company s financial reporting, internal controls and audit functions. The Audit Committee Charter describes in greater detail the full responsibilities of the committee and is available on the Company s website at www.assuranceamerica.com under governance in the investor relations section of the website. The audit committee is comprised solely of independent directors as defined by the Rule 4200 of the Nasdaq manual, and SEC Rule 10A-3(b) (1). Mr. Healey and Dr. Ratajczak are audit committee financial experts as defined by SEC rules.

The Audit Committee has reviewed and discussed the consolidated financial statements for the fiscal year ended December 31, 2006, with the management of the Company and Porter Keadle Moore, LLP, the Company s independent auditors. Management is responsible for the preparation, presentation and integrity of the Company s financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures; establishing and maintaining internal control over financial reporting; evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; in evaluating any change in the internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Porter Keadle Moore, LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, and to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The Audit Committee has discussed with the independent auditors the matters required to be discussed by SAS 61, as modified or supplemented; the audit committee has also received the written disclosures and the letter from the independent accountants required by ISB Standard No. 1 and has discussed with the independent accountants, the independent accountants independence.

Based upon our review and the discussions with and representations from management and the independent auditors referred to above, the audit committee has recommended to the Board of Directors that the audited financial statements for the fiscal year ended December 31, 2006, be included in the Company s annual report on Form 10-KSB for filing with the SEC.

In accordance with Audit Committee policy and the requirements of law, the Audit Committee pre-approves all services to be provided by the Company s auditors, Porter Keadle Moore, LLP. Pre-approval is required for all audit services, audit related services, tax services and other services.

AUDIT COMMITTEE

Quill O. Healey, Chairman
John E. Cay III

Dr. Don Ratajczak

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GENERAL INFORMATION

Shareholder Proposals For 2008 Annual Shareholders Meeting

In order to be considered for inclusion in the proxy statement and form of proxy to be used in connection with our 2008 Annual Shareholders Meeting, shareholder proposals must be received by our Secretary at our principal offices, located at RiverEdge One, Suite 600, 5500 Interstate North Parkway, Atlanta, Georgia 30328, no later than December 5, 2007. A shareholder making any proposal shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended. Proposals not made in accordance with this procedure may be disregarded by the Chairman of the Annual Meeting in his discretion, and upon his instructions, all votes cast for each such nominee or for such proposal may be disregarded.

Form 10-KSB

Our Annual Report on Form 10-KSB for the year ended December 31, 2006, which was filed with the SEC, is included with this Proxy Statement. Copies of exhibits and documents filed with our Annual Report or referenced in it will be furnished to shareholders of record who make a written request to us at:
RiverEdge One, Suite 600, 5500 Interstate Parkway North, Atlanta, Georgia 30328.

Solicitations of Proxies

We will pay the costs of soliciting proxies. This solicitation is being made by mail, but may also be made by telephone or in person by our officers and employees. We will reimburse brokerage firms, nominees, custodians and fiduciaries for their out-of-pocket expenses for forwarding proxy materials to beneficial owners.

OTHER MATTERS

Our Board of Directors knows of no other matters to be presented for shareholder action at the Annual Meeting. However, if other matters do properly come before the Annual Meeting or any adjournments or postponements thereof, our Board of Directors intends that the persons named in the proxy card will vote upon such matters in accordance with their best judgment.

By Order of the Board Of Directors

/s/ Guy W. Millner	/s/ Lawrence Stumbaugh
Guy W. Millner Chairman	Lawrence Stumbaugh President and Chief Executive Officer

April 5, 2007

Whether or not you plan to attend the Annual Meeting, please complete, sign, date and promptly return the accompanying proxy card in the enclosed envelope. You may revoke your proxy at any time before the Annual Meeting. If you are a shareholder of record and you decide to attend the Annual Meeting and wish to change your proxy vote, you may do so automatically by voting in person at the Annual Meeting.

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FORM OF PROXY

ASSURANCEAMERICA CORPORATION
ANNUAL MEETING OF SHAREHOLDERS
April 26, 2007 PROXY

THIS PROXY IS SOLICITED ON BEHALF OF OUR BOARD OF DIRECTORS.

The undersigned hereby constitutes and appoints Lawrence Stumbaugh and Mark H. Hain, and each of them, the true and lawful attorneys and proxies for the undersigned, to act and vote all of the undersigned s capital stock of AssuranceAmerica Corporation, a Nevada corporation, at the Annual Meeting of Shareholders to be held at our executive offices at RiverEdge One, Suite 600, 5500 Interstate North Parkway, Atlanta, Georgia 30328, at 11:15 a.m. local time on Thursday, April 26, 2007, and at any and all adjournments thereof, for the purposes of considering and acting upon the matter proposed by AssuranceAmerica Corporation that is identified below. This proxy when properly executed will be voted in accordance with the specifications made herein by the undersigned shareholder. If no direction is made, this proxy will be voted FOR each of the nominees listed below.

1. ELECTION OF DIRECTORS.

Nominees: Guy W. Millner
Lawrence (Bud) Stumbaugh
Quill O. Healey
Donald Ratajczak
John Ray
John E. Cay III
Kaaren J. Street
Sam Zamarripa

Check One Box

o **FOR** each of the Nominees listed above (except as marked to the contrary below)

o **WITHHOLD AUTHORITY** to vote for all Nominees listed above

(INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, WRITE THAT NOMINEE S NAME IN THE FOLLOWING SPACE PROVIDED.)

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In their discretion, the proxies are authorized to vote on such other business as may properly come before the Annual Meeting or adjournment(s), including adjourning the Annual Meeting to permit, if necessary, further solicitation of proxies.

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS.

Should the undersigned be present and elect to vote at the Annual Meeting, or at any adjournments thereof, and after notification to our Secretary at the Annual Meeting of the shareholder s decision to terminate this proxy, the power of said attorneys and proxies shall be deemed terminated and of no further force and effect. The undersigned may also revoke this proxy by filing a subsequently dated proxy or by notifying our Secretary of his or her decision to terminate this proxy.

The undersigned acknowledges receipt from us prior to the execution of this proxy of a Notice of the Annual Meeting and a Proxy Statement dated April 5, 2007.

Dated: April ___, 2007

Signature of Shareholder

Print Name of Shareholder

Signature of Shareholder

Print Name of Shareholder

NOTE: Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If the signatory is a corporation, sign the full corporate name by a duly authorized officer.