

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report: May 5, 2008  
(Date of earliest event reported)

21<sup>ST</sup> CENTURY HOLDING COMPANY  
(Exact name of registrant as specified in its charter)

<u>Florida</u> (State or other jurisdiction of incorporation)	<u>0-2500111</u> (Commission File Number)	<u>65-0248866</u> (I.R.S. Employer Identification No.)
<u>3661 West Oakland Park Blvd., Suite 300</u> <u>Lauderdale Lakes, FL</u> (Address of principal executive offices)	<u>33311</u> (Zip Code)	

Registrant's telephone number, including area code: (954) 581-9993

NOT APPLICABLE  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **Item 2.02 Results of Operations and Financial Condition**

On May 6, 2008, 21<sup>st</sup> Century Holding Company (the “21<sup>st</sup> Century” or “Company”) issued a press release to report its results for its fiscal quarter ended March 31, 2008. A copy of the press release is attached to this current report on Form 8-K as Exhibit 99.1 and incorporated herein by reference.

The information in this Current Report on Form 8-K and Exhibit 99.1 attached hereto is hereby intended to be furnished pursuant to Item 2.02, “Results of Operations and Financial Condition.” As provided in General Instruction B.6 of SEC Form 8-K, such information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and it shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or under the Exchange Act, whether made before or after the date hereof, except as expressly set forth by specific reference in such filing to this Current Report on Form 8-K.

## **Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers**

### *Retirement of Edward J. Lawson as Chief Executive Officer and Chairman of the Board*

On May 5, 2008, Edward J. Lawson announced that he will resign as the Company’s Chief Executive Officer and Chairman of the Board effective as of June 30, 2008 and resign from all subsidiary appointments and/or positions effective May 6, 2008. Mr. Lawson is retiring for personal reasons and does not have any disagreements with the Company. Mr. Lawson will continue to serve on the Company’s Board of Directors and will continue to provide the Company with advice regarding business and growth strategy. In connection with his retirement, Mr. Lawson and the Company intend to enter into a Transition Agreement.

### *Appointment of Michael H. Braun as Chief Executive Officer*

Michael H. Braun, who currently serves as the Chief Operating Officer of the Company, the President of Federated National Insurance Company, a wholly-owned subsidiary, and a member on the Board of Directors, has been appointed to serve as the Company’s Chief Executive Officer, effective as of July 1, 2008.

Mr. Braun (age 40) has served as the Chief Operating Officer of the Company since October 2007, as the President of Federated National Insurance Company since September 2003 and has served as a Director on the Company’s Board since December 2005. Mr. Braun joined the Company’s management staff in 1998 when the Company acquired an independent chain of insurance agencies that were located throughout the state of Florida, in which Mr. Braun was a managing partner. Mr. Braun will remain a Director and maintain his position as the President of Federated National Insurance Company while assuming the new duties as the Company’s Chief Executive Officer. Mr. Braun has no family relationship with any of the Company’s executive officers or directors and has not engaged in any related party transactions with the Company.

In connection with his appointment to the position of Chief Executive Officer, the Company and Mr. Braun have entered into an Employment Agreement dated May 5, 2008 (the “Employment Agreement”). Under his Employment Agreement, Mr. Braun will receive an annual salary of

\$214,000 per year. Mr. Braun's Employment Agreement is for a term of four (4) years from the effective date, unless otherwise terminated as specified therein. It contains standard termination provisions. If Mr. Braun's employment with the Company is terminated without cause, we must make a lump-sum severance payment to him in an amount equal to one (1) year's base salary or the base salary through the balance of term remaining on his Employment Agreement, whichever is a lesser amount, and all of his unvested options would become immediately exercisable and vested.

Pursuant to his Employment Agreement, Mr. Braun will be granted options to purchase 40,000 shares of the Company's common stock with a grant date of July 1, 2008, the grant price will be 2% over the fair market value (FMV) on the grant date, the options will vest 20% per year and expire on July 1, 2014. Additionally, upon completion of a six (6) month period employed as the Company's Chief Executive Officer and so long as Mr. Braun is still employed by the Company in the same position, he shall receive options to purchase 40,000 shares of the Company's common stock with the grant price set at 2% over the fair market value on January 2, 2009, vesting 20% per year and expire on January 2, 2015.

In addition to the grant of 40,000 options on July 1, 2008 and the authorized subsequent grant of 40,000 options on January 2, 2009, Mr. Braun currently owns options to purchase shares of the Company's common stock as follows:

<u>No. of Options</u>	<u>Exercise Price</u>	<u>Vesting</u>	<u>Expiration Date</u>
15,000	\$9.167	fully vested	June 4, 2008
5,000	\$16.00	20% per year	September 14, 2011
20,000	\$15.79	20% per year	December 5, 2011
5,000	\$16.59	20% per year	October 25, 2013
500	\$13.17	20% per year	December 6, 2013
4,500	\$12.58	20% per year	January 30, 2014

Additional stock option grants may be awarded to Mr. Braun in the future at the discretion and authorization of the Compensation Committee.

The additional agreements currently in force between the Company and Mr. Braun are: (a) a Non-Compete Agreement dated December 19, 2005, (b) an Annual Review Agreement dated December 19, 2005 and (c) an Indemnification Agreement dated November 27, 2007. The Non-Compete and Annual Review agreements were filed as Exhibits 10.1 and 10.2 to the Company's Form 8-K filed with the Securities and Exchanged Commission ("SEC") on December 30, 2005 and the Company's form of indemnification agreement was filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2007 filed with the SEC on March 17, 2008.

The foregoing description of Mr. Braun's Employment Agreement is qualified in its entirety by reference to Mr. Braun's Employment Agreement attached hereto as Exhibit 10.2 and incorporated herein by reference.

The Company has not appointed a successor to the position of Chief Operating Officer at this time.

*Appointment of Bruce F. Simberg as Chairman of the Board*

Bruce F. Simberg who currently serves as a member of the Board of Directors of the Company, has been appointed to serve as the Company's Chairman of the Board, effective as of July 1, 2008.

Mr. Simberg (age 59) has served as a member of the Board of Directors of the Company since January 1998. Mr. Simberg has been a practicing attorney for the last 30 years, most recently as managing partner of Conroy, Simberg, Ganon, Krevans, Abel, Lurvey, Morrow, and Schefer, P.A. ("Conroy Simberg"), a law firm in Ft. Lauderdale, Florida, since October 1979.

Mr. Simberg will receive annual compensation totaling \$40,000, in quarterly installments of \$10,000 in January, April, July and October each year. Mr. Simberg currently owns options to purchase shares of the Company's common stock as follows:

<u>No. of Options</u>	<u>Exercise Price</u>	<u>Vesting</u>	<u>Expiration Date</u>
10,000	\$15.79	20% per year	December 5, 2011
500	\$13.17	20% per year	December 6, 2013
4,500	\$12.58	20% per year	January 30, 2014

Additional stock option grants may be awarded to Mr. Simberg in the future at the discretion and authorization of the Board of Directors.

*Appointment of J. Gordon Jennings, III as President of Assurance Managing General Agents, Inc., a wholly-owned subsidiary of 21st Century Holding Company*

J. Gordon Jennings, III, who currently serves as the Vice President of Risk Management of the Company, has been appointed to serve as the President of Assurance Managing General Agents, Inc. ("Assurance MGA"), a wholly-owned subsidiary of the Company, effective as of May 6, 2008.

Mr. Jennings (age 50) has been with the Company since May, 2000 and has previously served in the positions of Controller, Chief Financial Officer, and Chief Accounting Officer. Mr. Jennings will maintain his recently appointed position of Vice President of Risk Management while assuming his new duties as President of Assurance MGA.

**Item 9.01      Financial Statements and Exhibits.**

(c)      Exhibits.

10.1      Employment Agreement between Michael H. Braun and 21st Century Holding Company dated May 5, 2008.

99.1      21<sup>st</sup> Century Holding Company Press Release, dated May 6, 2008.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### **21<sup>ST</sup> CENTURY HOLDING COMPANY**

Date: May 6, 2008

By: /s/ Peter J. Prygelski, III  
Name: Peter J. Prygelski, III  
Title: Chief Financial Officer  
(Principal Accounting and Financial Officer)

## **EXHIBIT INDEX**

<b><u>Exhibit No.</u></b>	<b><u>Exhibit Title</u></b>
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- |      |  |
|------|--|
| 10.1 | Employment Agreement between Michael H. Braun and 21st Century Holding Company dated May 5, 2008 |
| 99.1 | 21 <sup>st</sup> Century Holding Company Press Release, dated May 6, 2008.                       |

**Exhibit 10.1**

**EMPLOYMENT AGREEMENT**

**THIS EMPLOYMENT AGREEMENT** (the “Agreement”), made and entered into as of the 5th day of May 2008 by and between:

- (i) **MICHAEL H. BRAUN**, an individual of Pembroke Pines, Florida (the “Employee”) and
- (ii) **21ST CENTURY HOLDING COMPANY**, a Florida corporation with offices and place of business in Lauderdale Lakes, Florida (the “Company”).

**P R E L I M I N A R Y   S T A T E M E N T**

**WHEREAS**, the Company is engaged in the insurance business and desires to employ Employee and to secure for the Company the benefit of Employee’s experience, efforts and abilities in connection with the business of the Company, all as provided herein; and

**WHEREAS**, the Company has and will continue to expend substantial resources in connection with the aforementioned endeavors; and

**WHEREAS**, the Company desires to engage Employee as Chief Executive Officer of the Company to perform executive management functions and other services in connection with the business of the Company, and

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment. Effective as of July 1, 2008, the Company employs Employee, and Employee hereby accepts employment by Company, and agrees to serve the Company, upon the terms and conditions set forth in this Agreement.
2. Term of Employment. The Employee shall be employed for a period of four (4) year(s) from the date set forth in Paragraph 1 herein (the period of employment may be referred to as the “Term of Employment”).
3. Duties of Employee. So long as employed hereunder, Employee agrees to devote Employee’s full business time and energy to the business and affairs of the Company, to perform Employee’s duties hereunder effectively, diligently and to the best of Employee’s ability and to use Employee’s best efforts, skill and abilities to promote the Company’s interests. Employee’s duties shall include, but are not limited to, executive management functions for the Company in any positions to which he is appointed by the Company's Board of Directors, as well as providing any other services as may be determined by the Company from time to time in the Company’s reasonable discretion.

4. Compensation. For all services to be rendered by Employee to the Company during the Term of Employment, the Company agrees to compensate Employee and Employee agrees to accept from Employer, the following compensation:

(a) Base Salary. The Company agrees to pay Employee an annual salary of TWO HUNDRED AND FOURTEEN THOUSAND DOLLARS (\$214,000.00) per year payable biweekly, in the following amount:

Eighty-Two Hundred Thirty Dollars and 77/100 (\$8,230.77) biweekly

(b) Upon the effective date of Employment, Employee shall receive 40,000 stock options to purchase the Company's common stock pursuant to the 2002 Stock Option Plan of 21st Century Holding Company, with the grant price set at 2% over the fair market value on July 1, 2008, vesting 20% per year and expiring six (6) years from the grant date. Additionally, upon completion of a six (6) month period employed as the Company's Chief Executive Officer and so long as the Employee is still employed by the Company in the same position, Employee shall receive 40,000 stock options to purchase the Company's common stock pursuant to the 2002 Stock Option Plan of 21st Century Holding Company, with the grant price set at 2% over the fair market value on January 2, 2009, vesting 20% per year and expiring six (6) years from the grant date.

(c) Medical Insurance. So long as Employee is employed by the Company, the Company agrees to provide medical insurance coverage for the Employee (plus family) commensurate with the coverage provided by the Company for other similarly situated employees. Employee, at his option, may elect not to accept Company medical insurance coverage.

(d) Automobile Allowance. Throughout the Term of this Agreement, the Company will pay Executive an automobile allowance in the amount of \$500.00 per month. Such automobile allowance shall be for no more than one automobile and shall include all expenses related thereto, including, without limitation, lease expenses, maintenance and insurance.

(e) Vacation/Personal Time. Employee shall be entitled to reasonable vacations and/or personal time off during each year of the Term, the time and duration thereof to be determined by mutual agreement between Employee and the Company.

5. Termination. Employee's employment with the Company may be terminated by the Company if any of the following shall occur:

(a) Employee shall be discharged for "good cause" which shall mean that:

(i) There has been continued neglect on the part of the Employee in the performance of Employee's duties under this Agreement with notice and an opportunity to cure: or

(ii) Employee shall have committed a material breach of any term or condition of this Agreement; or

- (iii) Employee continued to neglect Employee Handbook Policies and Procedure;  
or
- (iv) Employee is convicted of a felony or of any crime involving moral turpitude which is committed by Employee during the term of this Agreement.

Prior to terminating the Employee for “good cause” under subparts 5(a) (i) – (iii) above, the Company shall provide the Employee with at least ten (10) days written notice of the breach and an opportunity to cure the breach. If the Employee does not cure the breach to the satisfaction of the Board, in its sole and absolute discretion, during this period, the Company may terminate the Employee for "good cause." If the Employee is terminated under subparts 5(a)(iv), his termination will be immediate upon the date of the conviction and no written notice is required by the Company. If Employee’s employment with the Company shall be terminated as provided in this Section 5(a), the Employee shall be entitled to Employee’s base weekly salary (as provided in Section 4(a) above) prorated only through the date of the termination of employment.

(b) Termination by the Company Without Cause. If during the Term of this Agreement the Employee’s employment is terminated by the Company without cause, the Company will make a lump sum payment to the Employee in an amount equal one (1) year’s base salary or the base salary through the balance of the Term remaining on this Agreement, whichever is a lesser amount. Additionally, the Company will accelerate all unvested stock options held by the Employee at the time of termination.

(c) Death. In the event of the Employee's death, this Agreement shall automatically terminate as of the date of such death without notice to either party.

(d) Disability. In the event that the Employee shall be unable to perform his duties hereunder by virtue of illness or physical or mental disability (from any cause or causes whatsoever) in substantially the manner and to the extent required of him hereunder prior to the commencement of such disability and the Employee shall fail to perform such duties for a period of thirty (30) or more days, whether or not continuous, in any continuous one hundred and twenty (120) day period, then the Company shall have the right to terminate this Agreement and the Employee's employment with the Company as of the end of any calendar month during the continuance of such disability upon at least fifteen (15) days' prior written notice to the Employee.

(e) Change of Control.

(i) For the purposes of this Agreement, a “Change of Control” shall be deemed to have taken place if: (1) any person, including a “group” as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, becomes the owner or beneficial owner of Company securities, after the date of this Agreement, having 51% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company, or open market purchases approved by the Board, as long as the majority of the Board approving the purchases is the majority at the time the purchases are made), or (2) the persons who were directors of the Company before such transactions shall cease to constitute a majority of the Board, or any successor to the Company, as the direct or indirect result of or in

connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions.

(ii) The Company and Employee hereby agree that, if Employee is employed with the Company on the date on which a Change of Control occurs (the "Change of Control Date"), and if during the remaining term hereof after the Change of Control Date Employee's employment is terminated by the Company (or subsidiary), the Company will make a lump sum payment to the Employee in an amount equal one (1) year's base salary or the base salary through the balance of the Term remaining on this Agreement, whichever is a lesser amount. Additionally, the Company will accelerate all unvested stock options held by the Employee at the time of termination.

6. Resignation. If the Employee voluntarily resigns his employment with the Company with less than 2 weeks advanced notice, the Employee's compensation shall be reduced one day for each day the advanced notice is less than two weeks. Also, the Employee agrees to reimburse the Company, if necessary to comply with this provision.

7. Non-Solicitation of Company Employees Agreement. Employee acknowledge and agrees that his covenants and obligations contained in his Non-Compete Agreement with the Company dated December 19, 2005 (the "Non-Compete Agreement") are in full force and effect and will continue to apply. Employee agrees that for the period that Employee is employed by the Company and for a period of two (2) years if Employee resigns or is terminated from the Company, Employee will not, for any reason, solicit or hire, whether for himself or on behalf of another company, any of the Company's current employees. Employees of the Company will be considered "current" for the period of their employment with the Company and for a period of six (6) months after their resignation or termination from the Company.

8. Confidentiality Agreement. The Employee recognizes, acknowledges and agrees that the documents, lists, files, records, data and other information developed and acquired by the Company, including all information developed and acquired by the Employee in the course of Employee's employment with the Company as it may exist from time to time, are considered confidential, and include, but are not limited to, all information relating to the Company's projects, proposed projects or applications (the "Confidential Information").

(a) Prohibited Acts. The Employee understands and agrees that all such Confidential Information is to be preserved and protected, is not to be disclosed or made available, directly or indirectly, to third persons for purposes unrelated to the objectives of the Company, without prior authorization of an executive officer of the Company, and is not to be used, directly or indirectly, for any purpose unrelated to the objectives of the Company without prior written authorization of an executive officer of the Company.

(b) Continuing Obligations. The Employee understands and agrees that Employee's obligations under this Agreement, specifically including the obligations to preserve and protect and not to disclose (or make available to third persons) or use for purposes unrelated to the objectives of the Company, without prior written authorization of an executive officer of the Company, Confidential Information, continue indefinitely and do not, under any circumstances or for any reason (specifically including wrongful discharge), cease upon termination of employment; and that, in the event of termination of the Employee's



11. Miscellaneous:

- (a) This Agreement has been executed in and shall be governed and construed in accordance with the laws of the State of Florida.
- (b) Unless otherwise provided herein, all rights, powers, and privileges conferred hereunder upon the parties shall be cumulative and not restrictive of those given by law.
- (c) No failure of any party hereto to exercise any power given such party hereunder or to insist upon strict compliance by the other party with its obligations hereunder, and no customary practice of the parties at variance with the terms hereof, shall constitute a waiver of a party's right to demand exact compliance with the terms hereof.
- (d) Time is of the essence in complying with the terms, conditions and provisions of this Agreement.
- (e) This Agreement and the Non-Compete Agreement contains the entire agreement of the parties hereto pertaining to the subject matter hereof, and no representation, inducements, promises or agreements between the parties not contained herein shall be of any force or effect.
- (f) This Agreement is binding upon and shall inure to the benefit of the Company, its successors and assigns and the Employee and his respective heirs, personal representatives, successors and assigns.
- (g) Any amendment to this Agreement shall not be binding upon the parties to this Agreement unless such amendment is in writing and due executed by all the parties hereto.
- (h) In the event any litigation or controversy arises out of or in connection with this Agreement between the parties hereto, the prevailing party in such litigation or controversy shall be entitled to recover from the other party or parties all reasonable attorney's fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceeding.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day, month and year first above written.

/s/ Michael H. Braun  
MICHAEL H. BRAUN  
(the "Employee")

21ST CENTURY HOLDING COMPANY  
a Florida corporation

By: /s/ Stephen C. Young  
Name: STEPHEN C. YOUNG  
Title: President

**FOR IMMEDIATE RELEASE**

**CONTACT:**

**Peter J. Prygelski, CFO, 21<sup>st</sup> Century Holding Company  
(954) 308-1252 or (954) 581-9993**

**21<sup>st</sup> CENTURY HOLDING COMPANY REPORTS  
FIRST QUARTER EARNINGS OF \$0.54 PER SHARE  
AND ANNOUNCES RETIREMENT OF CEO/CHAIRMAN & APPOINTS SUCCESSORS**

**Lauderdale Lakes, Florida, May 6, 2008** - 21st Century Holding Company (Nasdaq: TCHC), today reported results for the quarter ended March 31, 2008 (see attached tables) and announced that Edward J. (Ted) Lawson, its Chief Executive Officer and Chairman of the Board, will retire from both positions effective June 30, 2008.

For the three months ended March 31, 2008, the Company reported net income of \$4,308,589, or \$0.54 per share on 7,912,692 average undiluted shares outstanding, as compared to net income of \$842,805, or \$0.11 per share on 7,958,366 average undiluted shares outstanding in the same three-month period last year. On a diluted share basis, the Company reported earnings of \$0.54 per share for the three months ended March 31, 2008, based on 7,960,313 average diluted shares outstanding, as compared to \$0.10 per share, based on 8,187,310 average diluted shares outstanding for the same three-month period last year.

Gross premiums written decreased \$21.6 million or 43.9% to \$27.6 million for the three months ended March 31, 2008, as compared to \$49.2 million for the same three-month period last year.

Net premiums earned decreased \$3.8 million or 16.8% to \$18.6 million for the three months ended March 31, 2008, as compared to \$22.4 million for the same three-month period last year.

Total revenues decreased \$5.5 million or 21.7% to \$20.0 million for the three months ended March 31, 2008, as compared to \$25.6 million for the same three-month period last year.

Total expenses decreased \$9.3 million or 38.2% to \$15.0 million for the three months ended March 31, 2008, as compared to \$24.3 million for the same three-month period last year.

The provision for income tax expense for the three months ended March 31, 2008 includes a one-time \$0.6 million benefit in connection with the estimation of the previous years' income taxes.

Mr. Lawson, who co-founded the Company, served as its Chairman since its inception in 1991 and served as its Chief Executive Officer from inception to June 2003 and from November 2005 to present, will be retiring from the positions of CEO and Chairman, effective June 30, 2008 and all subsidiary appointments and/or positions effective May 6, 2008. Mr. Lawson is retiring to pursue other areas of interest. He will remain a member of the Company's Board of Directors and will continue to provide the Company with advice regarding business and growth strategy.

The Company's Board of Directors has appointed Mr. Michael H. Braun to the position of Chief Executive Officer and Mr. Bruce F. Simberg as its Chairman of the Board.

Mr. Braun (age 40) has been with the Company since December 1998. He currently serves as Chief Operating Officer of 21st Century Holding Company and President of Federated National Insurance Company, a wholly-owned subsidiary. He will assume his role as Chief Executive Officer on July 1, 2008 and maintain his position as President of Federated National Insurance Company.

Mr. Simberg (age 59) has served as a Director of the Company since January 1998. He will assume his role as the Chairman of the Board on July 1, 2008.

The Company will hold an investor conference call at 4:30 PM (ET) today, May 6, 2008. Mr. Peter J. Prygelski, III, CFO and Mr. Michael H. Braun, COO, will discuss the financial results and review the outlook for the Company. Messrs. Prygelski and Braun invite interested parties to participate in the conference call. Listeners can access the conference call by dialing toll free 888-460-6235, conference ID 44697910. Please call at least five minutes in advance to ensure that you are connected prior to the presentation. A replay of the conference call will be available for 7 days at 800-642-1687.

## **About the Company**

The Company, through its subsidiaries, underwrites commercial general liability insurance, homeowners' property and casualty insurance, flood insurance and personal automobile insurance in the State of Florida. The Company underwrites general liability coverage as an admitted carrier in the States of Louisiana, Texas and Alabama for more than 300 classes of business, including special events. The Company is approved to operate as a surplus lines/non-admitted carrier in the States of Georgia, Kentucky, Virginia, South Carolina, Missouri, Arkansas, Nevada, Maryland and California offering the same general liability products. The Company is licensed and has the facilities to market and underwrite other insurance carriers' lines of business, as well as to process and adjust claims for third party insurance carriers. In addition to insurance services, the Company offers premium finance services to its insureds as well as insureds of certain third party insurance companies.

*Safe harbor statements under the Private Securities Litigation Reform Act of 1995: Statements in this press release that are not historical fact are forward-looking statements that are subject to certain risks and uncertainties that could cause actual events and results to differ materially from those discussed herein. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," or "continue" or the other negative variations thereof or comparable terminology are intended to identify forward-looking statements. The risks and uncertainties include, without limitation, uncertainties related to estimates, assumptions and projections generally; inflation and other changes in economic conditions (including changes in interest rates and financial markets); pricing competition and other initiatives by competitors; ability to obtain regulatory approval for applications to underwrite in an additional jurisdiction or for requested rate changes, and the timing thereof; legislative and regulatory developments; the outcome of litigation pending against the Company and any settlement thereof; risks related to the nature of the Company's business; dependence on investment income and the composition of the Company's investment portfolio; the adequacy of the Company's liability for loss and loss adjustment expense; insurance agents; claims experience; limited experience in the insurance industry; ratings by industry services; catastrophe losses; reliance on key personnel; weather conditions (including the severity and frequency of storms, hurricanes, tornadoes and hail); changes in driving patterns and loss trends; acts of war and terrorist activities; court decisions and trends in litigation, and health care and auto repair costs; and other matters described from time to time by the Company in releases and publications, and in periodic reports and other documents filed with the United States Securities and Exchange Commission. In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when a reserve is established for a major contingency. Reported results may therefore appear to be volatile in certain accounting periods.*

*The unaudited consolidated financial statements of 21<sup>st</sup> Century Holding Company for the three months ended March 31, 2008 and 2007 have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. These financial statements do not include all information and notes required by GAAP for complete financial statements, and should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2007.*

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21st CENTURY HOLDING COMPANY  
Consolidated Statements of Operations  
(Unaudited)

	Three Months Ended March 31,	
	<u>2008</u>	<u>2007</u>
Revenue:		
Gross premiums written	\$ 27,603,396	\$ 49,190,729
Gross premiums ceded	<u>64</u>	<u>(5,787)</u>
Net premiums written	<u>27,603,460</u>	<u>49,184,942</u>
(Decrease) in prepaid reinsurance premiums	(11,153,834)	(16,972,078)
Decrease (Increase) in unearned premiums	<u>2,156,215</u>	<u>(9,839,836)</u>
Net change in prepaid reinsurance premiums and unearned premiums	<u>(8,997,619)</u>	<u>(26,811,914)</u>
Net premiums earned	18,605,841	22,373,028
Commission income	62,761	504,659
Finance revenue	85,749	186,661
Managing general agent fees	499,181	618,211
Net investment income	1,876,027	1,568,610
Net realized investment (losses)	(1,649,377)	(128,132)
Other income	<u>561,453</u>	<u>461,998</u>
Total revenue	<u>20,041,635</u>	<u>25,585,035</u>
Expenses:		
Loss and loss adjustment expenses	7,874,332	14,102,655
Operating and underwriting expenses	1,555,171	3,965,773
Salaries and wages	1,758,512	1,556,252
Interest expense	--	85,000
Policy acquisition costs, net of amortization	<u>3,835,841</u>	<u>4,607,964</u>
Total expenses	<u>15,023,856</u>	<u>24,317,644</u>
Income before provision for income tax expense	5,017,779	1,267,391
Provision for income tax expense	<u>709,190</u>	<u>424,586</u>
Net income	<u>\$ 4,308,589</u>	<u>\$ 842,805</u>
Basic net income per share	<u>\$ 0.54</u>	<u>\$ 0.11</u>
Fully diluted net income per share	<u>\$ 0.54</u>	<u>\$ 0.10</u>
Weighted average number of common shares outstanding	<u>7,912,692</u>	<u>7,958,366</u>
Weighted average number of common shares outstanding (assuming dilution)	<u>7,960,313</u>	<u>8,187,310</u>
Dividends paid per share	<u>\$ 0.18</u>	<u>\$ 0.18</u>

21st CENTURY HOLDING COMPANY  
Other Selected Data  
(Unaudited)

Balance Sheet

	Period Ending	
	<u>03/31/08</u>	<u>12/31/07</u>
Total Cash & Investments	\$168,344,628	\$158,748,019
Total Assets	\$217,688,807	\$219,360,763
Unpaid Loss and Loss Adjustment Expense	\$57,697,751	\$59,684,790
Total Liabilities	\$132,802,384	\$138,104,140
Total Shareholders' Equity	\$84,886,423	\$81,256,623
Common Stock Outstanding	7,938,509	7,871,234
Book Value Per Share	\$10.69	\$10.32

**Premium Breakout**

<u>Line of Business</u>	3 Months Ending	
	<u>03/31/08</u>	<u>03/31/07</u>
	(Dollars in thousands)	
Homeowners'	\$19,990	\$39,864
Commercial General Liability	7,355	8,150
Automobile	<u>259</u>	<u>1,177</u>
Gross Written Premiums	<u>\$27,603</u>	<u>\$49,191</u>

Commercial General Liability  
Written Premium by State

<u>State</u>	3 Months Ending	
	<u>03/31/08</u>	<u>03/31/07</u>
	(Dollars in thousands)	
Alabama	\$44	\$--
Arkansas	8	--
California	95	--
Florida	4,883	5,624
Georgia	187	297
Kentucky	--	1
Louisiana	1,184	1,202
South Carolina	32	44
Texas	910	967
Virginia	<u>12</u>	<u>15</u>
Gross Written Premiums	<u>\$7,355</u>	<u>\$8,150</u>

Loss Ratios

<u>Line of Business</u>	3 Months Ending	
	<u>03/31/08</u>	<u>03/31/07</u>
Homeowners'	38.58%	70.12%
Commercial General Liability	49.93%	32.13%
Automobile	2.25%	190.40%
All Lines	42.32%	63.05%