

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 17, 2010
(Date of earliest event reported)

21ST 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 17, 2010, 21st Century Holding Company (the “21st Century” or “Company”) issued a press release to report its results for its fiscal quarter ended March 31, 2010. 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 9.01 Financial Statements and Exhibits.

(c) Exhibits.

99.1 21st Century Holding Company Press Release, dated May 17, 2010.

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.

21ST CENTURY HOLDING COMPANY

Date: May 17, 2010

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

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Exhibit Title</u> |
|---------------------------|-----------------------------------------------------------------------------|
| 99.1 | 21 st Century Holding Company Press Release, dated May 17, 2010. |

Exhibit 99.1

FOR IMMEDIATE RELEASE

**CONTACT: Peter J. Prygelski, CFO, 21st Century Holding Company
(954) 308-1252 or (954) 581-9993**

21st CENTURY HOLDING COMPANY REPORTS FIRST QUARTER 2010 FINANCIAL RESULTS

Lauderdale Lakes, Florida, May 17, 2010 - 21st Century Holding Company (the "Company") (Nasdaq: TCHC) today reported results for the quarter ended March 31, 2010.

For the three months ended March 31, 2010, the Company reported a net loss of \$0.9 million, or \$0.12 per share on 7.95 million average undiluted and diluted shares outstanding, compared to net income of \$0.3 million, or \$0.04 per share on 8.0 million average undiluted and diluted shares outstanding in the same three-month period last year.

First quarter results decreased year-over-year primarily as a result of higher reinsurance costs in connection with the Company's property line of business. These costs were partially offset by the effects of a 19% rate increase that went into effect in November 2009 and the impact of the new policies written during the fourth quarter of 2009. First quarter results also benefitted from a one-time gain of \$2.2 million related to gains on investments realized in the quarter.

Gross premiums written decreased \$1.4 million, or 5.0%, to \$27.0 million for the three months ended March 31, 2010, compared to \$28.4 million for the same three-month period last year. Voluntary homeowners' gross written premium increased \$6.9 million, or 44.0%, to \$22.7 million for the three months ended March 31, 2010, compared with \$15.8 million for the same three-month period last year. The decrease in gross written premiums can be attributed to higher reinsurance costs in the first quarter of 2010 as compared with the first quarter of 2009.

Unearned premiums increased \$2.0 million, or 4.0%, to \$52.9 million as of March 31, 2010, compared with \$50.9 million as of December 31, 2009.

Net premiums earned decreased \$2.9 million, or 20.8%, to \$11.0 million for the three months ended March 31, 2010, compared to \$13.9 million for the same three-month period last year.

Total revenue increased \$0.1 million, or 0.8%, to \$15.8 million for the three months ended March 31, 2010, compared to \$15.7 million for the same three-month period last year.

Total expenses increased \$1.8 million, or 11.8%, to \$17.3 million for the three months ended March 31, 2010, compared to \$15.5 million for the same three-month period last year which can be primarily attributed to the increase in policy count from the previous year.

Mr. Michael H. Braun, the Company's Chief Executive Officer and President, said "As expected, our first quarter results show a decrease from the same period of 2009 primarily because of higher reinsurance costs, which is by far our largest expense and the continued effect of the mitigation credits. However, our results improved significantly over the fourth quarter of 2009 due to a number of favorable trends including that it was the first full quarter to benefit from the 19% rate increase which has been in effect since last November on our voluntary business."

"We expect to build on this momentum for the rest of 2010," continued Mr. Braun. "Ample capacity has returned to the reinsurance markets, which we believe will drive down reinsurance rates. In addition, we continue to focus on writing voluntary policies based on our underwriting standards, which leads to more profitable business. We anticipate that the combination of improving industry conditions, decreasing reinsurance rates, disciplined exposure management and the impact of the previously announced rate increases both on our policies assumed from Citizens Property Insurance Corporation and on our voluntary homeowner policies will create a strong foundation for future revenue growth. We continue to expect operating margin improvement for the next several quarters, which is anticipated to contribute to growth in the Company's book value for the benefit of our shareholders."

The Company will hold an investor conference call at 4:00 PM (ET) today, May 17, 2010. The Company's CEO and its CFO, Peter J. Prygelski, III, will discuss the financial results and review the outlook for the Company. Messrs. Braun and Prygelski invite interested parties to participate in the conference call. A live webcast of the call will be available online at <http://www.21stcenturyholding.com> (in the Conference Calls section). Listeners interested in participating in the Q&A session can access the conference call by dialing toll free 866-501-5542. Please call at least five minutes in advance to ensure that you are connected prior to the presentation. A webcast replay of the conference call will be available shortly after the live webcast is completed and may be accessed via the Company's website.

About 21st Century Holding Company

The Company, through its subsidiaries, underwrites commercial general liability insurance, commercial residential property, homeowners' property and casualty insurance, flood insurance, inland marine, personal automobile insurance and commercial automobile insurance in the state of Florida. The Company underwrites general liability coverage as an admitted carrier in the states of Alabama, Louisiana and Texas 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 Arkansas, California, Georgia, Kentucky, Maryland, Missouri, Nevada, Oklahoma, South Carolina, Tennessee, and Virginia, 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, the costs of reinsurance and the collectability or reinsurance; the success of the Company's growth and marketing initiatives and introduction of its new product lines, inflation and other changes in economic conditions (including changes in interest rates and financial markets); the impact of new regulations adopted in Florida and the other states in which we do business which affect the property and casualty insurance market; assessments charged by various governmental agencies; pricing competition and other initiatives by competitors; our ability to obtain regulatory approval for requested rate changes and/or changes in our capital structure, and the timing thereof; legislative and regulatory developments; the outcome of litigation pending against us or which is commenced against the Company after the date hereof, including the terms of any settlements; risks related to the nature of our business; dependence on investment income and the composition of our investment portfolio; the adequacy of our liability for loss and loss adjustment expense; insurance agents; claims experience; ratings by industry services (a withdrawal or reduction of our rating(s) could limit us from writing or renewing policies and could cause the Company's insurance policies to no longer be acceptable to the secondary marketplace and mortgage lenders); 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 us in our filings with the SEC. Additional risk factors are also set forth in the Company's Form 10-K for the fiscal year ended December 31, 2009, which was filed with the SEC on March 26, 2010. 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 Company undertakes no obligations to update, change or revise any forward-looking statement, whether as a result of new information, additional or subsequent developments or otherwise.

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

| | Three Months Ended March 31, | |
|--------------------------------------------------------------------------|---------------------------------|---------------------|
| | <u>2010</u> | <u>2009</u> |
| Revenue: | | |
| Gross premiums written | \$ 27,021,273 | \$ 28,430,928 |
| Gross premiums ceded | <u>(918,078)</u> | <u>(328,077)</u> |
| Net premiums written | <u>26,103,195</u> | <u>28,102,851</u> |
| Decrease in prepaid reinsurance premiums | (13,061,020) | (8,069,446) |
| Increase in unearned premiums | <u>(2,025,741)</u> | <u>(6,128,557)</u> |
| Net change in prepaid reinsurance premiums and unearned premiums | <u>(15,086,761)</u> | <u>(14,198,003)</u> |
| Net premiums earned | 11,016,434 | 13,904,848 |
| Commission income | 386,217 | 237,918 |
| Finance revenue | 72,287 | 82,759 |
| Managing general agent fees | 494,150 | 430,624 |
| Net investment income | 934,608 | 680,952 |
| Net realized investment gains (losses) | 2,224,905 | (536,541) |
| Regulatory assessments recovered | 515,307 | 547,509 |
| Other income | <u>136,830</u> | <u>312,058</u> |
| Total revenue | <u>15,780,738</u> | <u>15,660,127</u> |
| Expenses: | | |
| Loss and loss adjustment expenses | 9,064,732 | 8,872,965 |
| Operating and underwriting expenses | 2,716,558 | 1,953,140 |
| Salaries and wages | 2,071,963 | 1,908,757 |
| Policy acquisition costs, net of amortization | <u>3,459,804</u> | <u>2,744,209</u> |
| Total expenses | <u>17,313,057</u> | <u>15,479,071</u> |
| (Loss) Income before provision for income tax benefit | (1,532,319) | 181,056 |
| Provision for income tax benefit | <u>(605,313)</u> | <u>(122,164)</u> |
| Net (loss) income | <u>\$ (927,006)</u> | <u>\$ 303,220</u> |
| Basic net (loss) income per share | <u>\$ (0.12)</u> | <u>\$ 0.04</u> |
| Fully diluted net (loss) income per share | <u>\$ (0.12)</u> | <u>\$ 0.04</u> |
| Weighted average number of common shares outstanding | <u>7,946,374</u> | <u>8,013,894</u> |
| Weighted average number of common shares outstanding (assuming dilution) | <u>7,946,374</u> | <u>8,013,894</u> |
| Dividends paid per share | <u>\$ 0.06</u> | <u>\$ 0.18</u> |

21st CENTURY HOLDING COMPANY
Other Selected Data
(Unaudited)

Balance Sheet

| | Period Ending | |
|-----------------------------------------|-----------------|-----------------|
| | <u>03/31/09</u> | <u>12/31/09</u> |
| Total Cash & Investments | \$163,939,601 | \$142,416,020 |
| Total Assets | \$214,571,482 | \$202,889,375 |
| Unpaid Loss and Loss Adjustment Expense | \$68,248,536 | \$70,610,480 |
| Total Liabilities | \$148,960,768 | \$135,447,779 |
| Total Shareholders' Equity | \$65,610,714 | \$67,441,596 |
| Common Stock Outstanding | 7,946,374 | 7,953,384 |
| Book Value Per Share | \$8.26 | \$8.48 |

Premium Breakout

| <u>Line of Business</u> | 3 Months Ending | |
|------------------------------|------------------------|-----------------|
| | <u>03/31/10</u> | <u>03/31/09</u> |
| | (Dollars in thousands) | |
| Homeowners' | \$21,098 | \$23,028 |
| Commercial General Liability | 3,499 | 4,523 |
| Federal Flood | 810 | 736 |
| Automobile | <u>1,614</u> | <u>144</u> |
| Gross Written Premiums | <u>\$27,021</u> | <u>\$28,431</u> |

Commercial General Liability Written Premium by State

| <u>State</u> | 3 Months Ending | |
|------------------------|------------------------|-----------------|
| | <u>03/31/10</u> | <u>03/31/09</u> |
| | (Dollars in thousands) | |
| Alabama | \$17 | \$24 |
| Arkansas | 1 | 1 |
| California | -- | 45 |
| Florida | 2,923 | 3,412 |
| Georgia | 19 | 86 |
| Louisiana | 374 | 792 |
| Oklahoma | 1 | -- |
| South Carolina | 2 | 1 |
| Texas | <u>162</u> | <u>162</u> |
| Gross Written Premiums | <u>\$3,499</u> | <u>\$4,523</u> |

Loss Ratios

| <u>Line of Business</u> | 3 Months Ending | |
|------------------------------|-----------------|-----------------|
| | <u>03/31/10</u> | <u>03/31/09</u> |
| Homeowners' | 90.24% | 62.01% |
| Commercial General Liability | 63.47% | 65.98% |
| Automobile | 120.63% | 91.01% |
| Fire | 14.34% | 0.00% |
| Inland Marine | 48.75% | 0.00% |
| All Lines | 81.49% | 63.81% |

The loss ratio is calculated as losses and loss adjustment expense divided by net premiums earned for each line of business in the given measured period.