

21ST CENTURY HOLDING CO
Form 10-Q
November 09, 2007

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED September 30, 2007

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File number 0-2500111

21st Century Holding Company

(Exact name of registrant as specified in its charter)

Florida
(State or Other Jurisdiction of
Incorporation or Organization)

65-0248866
(IRS Employer
Identification Number)

3661 West Oakland Park Boulevard, Suite 300, Lauderdale Lakes, Florida 33311
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act

Large accelerated filer o Accelerated filer x Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.01 par value - 8,185,315 outstanding as of November 08, 2007

21ST CENTURY HOLDING COMPANY**INDEX**

	PAGE
PART I: FINANCIAL INFORMATION	
ITEM 1	Financial Statements and Supplementary Data 3
ITEM 2	Management's Discussion and Analysis of Financial Condition and Results of Operations 22
ITEM 3	Quantitative and Qualitative Disclosures about Market Risk 42
ITEM 4	Controls and Procedures 42
PART II: OTHER INFORMATION	
ITEM 1	Legal Proceedings 44
ITEM 1A	Risk Factors 44
ITEM 2	Unregistered Sales of Equity Securities and Use of Proceeds 45
ITEM 3	Defaults upon Senior Securities 45
ITEM 4	Submission of Matters to a Vote of Security Holders 45
ITEM 5	Other Information 46
ITEM 6	Exhibits 46
SIGNATURES	48

PART I: FINANCIAL INFORMATION**Item 1**21st CENTURY HOLDING COMPANY
CONSOLIDATED BALANCE SHEETS

	Period Ending	
	September 30, 2007	December 31, 2006
	(Dollars in Thousands)	
ASSETS		
Investments		
Fixed maturities, available for sale, at fair value	\$ 119,084	\$ 98,525
Fixed maturities, held to maturity, at amortized cost	20,366	19,667
Equity securities, available for sale, at fair value	8,409	6,641
Total investments	147,859	124,834
Cash and short term investments	14,151	17,917
Receivable for investments sold	496	-
Finance contracts, net of allowance for credit losses of \$60 in 2007 and \$116 in 2006, and net of unearned finance charges of \$32 in 2007 and \$90 in 2006	830	1,831
Prepaid reinsurance premiums	14,916	14,460
Premiums receivable, net of allowance for credit losses of \$386 and \$66, respectively	3,141	7,222
Reinsurance recoverable, net	16,798	20,230
Deferred policy acquisition costs	10,467	11,153
Deferred income taxes, net	4,813	3,610
Income taxes receivable	1,200	787
Property, plant and equipment, net	1,111	1,296
Other assets	2,570	4,556
Total assets	\$ 218,351	\$ 207,897
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unpaid losses and LAE	\$ 50,320	\$ 39,615
Unearned premiums	68,136	77,829
Premiums deposits and customer credit balances	2,049	3,793
Revolving credit outstanding	10	10
Bank overdraft	9,881	8,107
Subordinated debt	-	4,167
Deferred gain from sale of property	2,115	2,467
Accounts payable and accrued expenses	6,688	5,715
Total liabilities	139,198	141,704
Commitments and Contingencies		
Shareholders' equity:		

Common stock, \$0.01 par value. Authorized 25,000,000 shares; issued and outstanding 7,999,311 and 7,896,919, respectively	80	79
Additional paid-in capital	51,004	47,070
Accumulated other comprehensive income (deficit)	(817)	(967)
Retained earnings	28,885	20,011
Total shareholders' equity	79,152	66,193
Total liabilities and shareholders' equity	\$ 218,351	\$ 207,897

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 3 -

21ST CENTURY HOLDING COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(Dollars in Thousands except EPS and dividend data)		(Dollars in Thousands except EPS and dividend data)	
Revenue:				
Gross premiums written	\$ 16,064	\$ 24,670	\$ 109,716	\$ 111,031
Gross premiums ceded	(30,736)	(57,378)	(46,545)	(60,750)
Net premiums written	(14,673)	(32,709)	63,171	50,281
Increase in prepaid reinsurance premiums	19,322	42,060	1,504	