

**FOR IMMEDIATE RELEASE**

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**21<sup>st</sup> CENTURY HOLDING COMPANY ANNOUNCES \$10 MILLION  
CAPITAL INFUSION FOR FEDERATED NATIONAL INSURANCE COMPANY**

**Additional Capital Allows Federated National Insurance Company  
to Maintain "A" Credit Rating**

**21<sup>st</sup> Century Holding Company Continues Planned  
Acquisition of HomeWise Insurance Company**

**Lauderdale Lakes, Florida, April 5, 2010** - 21<sup>st</sup> Century Holding Company ("The Company") (Nasdaq: TCHC) today announced that Federated National Insurance Company (FNIC), a wholly owned subsidiary of the Company, has received a capital infusion of \$10 million. The transaction follows the previously announced notice from Demotech, Inc., a rating agency, requiring that FNIC obtain additional capital of \$10 million by March 31, 2010 to maintain its "A" rating with the agency.

The \$10 million infusion consists of \$5 million from 21<sup>st</sup> Century Holding Company and a \$5 million Subordinated Surplus Debenture ("Surplus Note") from American Vehicle Insurance Company (AVIC), a wholly-owned subsidiary of the Company. The capital infusion has been approved by the Florida Office of Insurance Regulation (OIR), and Demotech has since affirmed FNIC's "A" rating.

Pursuant to the terms provided by the Florida OIR, the Company will temporarily suspend future dividends as a result of the Surplus Note until FNIC has reported two consecutive quarters of underwriting profitability. The complete terms of this capital infusion are currently under discussion with the Florida OIR.

Mr. Michael H. Braun, 21<sup>st</sup> Century Holding Company's Chief Executive Officer and President, said, "We are pleased to have completed this infusion and maintained our credit rating. Our 'A' rating with Demotech is critical to our business plan and our ability to write and retain business. The rating is valued both by the insurance agents who sell and service our products and by the mortgage companies that underwrite our insureds. Although we will temporarily suspend payment of future dividends, the Board of Directors and management team remain committed to returning capital to shareholders through the use of a dividend, and we fully intend to reinstate it as soon as possible."

21<sup>st</sup> Century Holding Company continues to work through due diligence and the regulatory approval process of its previously announced acquisition of HomeWise Insurance Company and HomeWise Management Company. As announced on March 23, 2010, 21<sup>st</sup> Century Holding Company has signed an agreement in principle with HomeWise Holdings, Inc. to acquire HomeWise Insurance Company and HomeWise Management Company. The agreement in principle also includes a renewal rights agreement to acquire certain insurance policies from HomeWise Preferred Insurance Company. Terms of the proposed transaction were not disclosed. The proposed transaction is subject to customary definitive documentation, regulatory approval and the completion of satisfactory due diligence. The Company expects to close the transaction prior to June 1, 2010.

The acquisition of HomeWise is expected to be accretive to 21<sup>st</sup> Century upon close and is expected to generate approximately an additional \$100 million in annual premiums on a consolidated basis.

HomeWise Insurance is based in Tampa and provides homeowners property coverage in Florida and Louisiana through a leading network of experienced, independent agents; it reported approximately \$38.2 million in gross written premium in 2009, and statutory surplus of \$20.3 million.

### **About 21<sup>st</sup> 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 and 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 success of the Company's new 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 which affect the property and casualty insurance market; the costs of reinsurance and the collectability of reinsurance, 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, including regulatory approval of the \$10 million capital contribution to Federated National Insurance Company made on March 31, 2010, 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; the ability of the Company to close the proposed acquisition*

*of HomeWise Insurance Company on a timely basis or at all, or if the transaction is closed, to achieve the contemplated benefits and synergies; and other matters described from time to time by us in our filings with the SEC. Additional risk factors will also be 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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