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21ST CENTURY INSURANCE GROUP

Form 10-Q

July 24, 2003

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 2003

Commission File Number 0-6964  
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21ST CENTURY INSURANCE GROUP  
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(Exact name of registrant as specified in its charter)

CALIFORNIA  
(State or other jurisdiction of  
incorporation or organization)

95-1935264  
(I.R.S. Employer  
Identification number)

6301 OWENSMOUTH AVENUE  
WOODLAND HILLS, CALIFORNIA  
(Address of principal executive offices)

91367  
(Zip Code)

(818) 704-3700  
(Registrant's telephone number, including area code)

Web site: www.21st.com

None  
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Former name, former address and former fiscal year, if changed since last  
report.

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 shorter 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  No

Indicate by check mark whether the registrant is an accelerated filer (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, Without Par Value (Title of Class)	Outstanding at July 18, 2003
	85,431,505 shares

PART I - FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

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21ST CENTURY INSURANCE GROUP  
CONSOLIDATED BALANCE SHEETS  
Unaudited

AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA	JUNE 30, 2003	December 31, 2002
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ASSETS		
Fixed maturity investments available-for-sale, at fair value (amortized cost: \$943,740 and \$886,047)	\$ 994,154	\$ 924,581
Cash and cash equivalents	128,543	105,897
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Total investments and cash	1,122,697	1,030,478
Accrued investment income	18,237	13,230
Premiums receivable	104,392	91,029
Reinsurance receivables and recoverables	17,981	28,105
Prepaid reinsurance premiums	1,632	1,893
Deferred income taxes	69,970	88,939
Deferred policy acquisition costs	50,959	46,190
Leased property under capital lease, net of deferred gain of \$5,489 and \$6,280 and net of accumulated amortization of \$6,260 and \$0	48,251	53,720
Property and equipment, at cost less accumulated depreciation of \$55,801 and \$52,125	91,125	87,274
Other assets	35,486	29,179
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Total assets	\$1,560,730	\$1,470,037
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Unpaid losses and loss adjustment expenses	\$ 417,580	\$ 384,009
Unearned premiums	299,758	266,477
Obligation under capital lease	55,279	60,000
Claim checks payable	42,543	39,304
Reinsurance payable	1,526	4,952
Other liabilities	61,534	59,687
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Total liabilities	878,220	814,429
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Stockholders' equity:		
Common stock, without par value; authorized 110,000,000 shares, outstanding 85,431,505 in 2003 and 2002	419,139	418,984
Retained earnings	232,091	213,067
Accumulated other comprehensive income	31,280	23,557
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Total stockholders' equity	682,510	655,608
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Total liabilities and stockholders' equity	\$1,560,730	\$1,470,037
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See accompanying notes to consolidated financial statements.

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### CONSOLIDATED STATEMENTS OF OPERATIONS Unaudited

AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA	Three months ended June 30,		Six months ended Ju	
	2003	2002	2003	2
<b>REVENUES</b>				
Net premiums earned	\$ 287,231	\$ 220,191	\$ 558,672	\$
Net investment income	11,673	11,384	23,311	
Other	14,065	-	14,065	
Realized investment gains	7,700	2,635	12,280	
<b>Total revenues</b>	<b>320,669</b>	<b>234,210</b>	<b>608,328</b>	
<b>LOSSES AND EXPENSES</b>				
Net losses and loss adjustment expenses	228,182	189,903	481,525	
Policy acquisition costs	47,766	29,762	91,209	
Other operating expenses	390	3,066	4,033	
Interest and fees expense	833	-	1,540	
<b>Total losses and expenses</b>	<b>277,171</b>	<b>222,731</b>	<b>578,307</b>	
Income before federal income taxes	43,498	11,479	30,021	
Federal income tax expense	14,347	1,620	7,580	
<b>Net income</b>	<b>\$ 29,151</b>	<b>\$ 9,859</b>	<b>\$ 22,441</b>	<b>\$</b>
<b>EARNINGS PER COMMON SHARE</b>				
Basic	\$ 0.34	\$ 0.11	\$ 0.26	\$
Diluted	\$ 0.34	\$ 0.11	\$ 0.26	\$
Weighted average shares outstanding - basic	85,431,505	85,420,296	85,431,505	85,
Weighted average shares outstanding - diluted	85,725,925	85,933,990	85,567,620	85,

See accompanying notes to consolidated financial statements.

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### 21ST CENTURY INSURANCE GROUP CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY Unaudited

AMOUNTS IN THOUSANDS	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance - January 1, 2003	\$418,984	\$213,067	\$23,557	\$655,608
Comprehensive gain	-	22,441 (1)	7,723 (2)	30,164
Cash dividends declared on common stock (\$0.02 per share)	-	(3,417)	-	(3,417)

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Other	155	-	-	155
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Balance - June 30, 2003	\$419,139	\$232,091	\$31,280	\$682,510
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