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COMMERCE GROUP INC /MA  
Form DEF 14A  
April 11, 2003

SCHEDULE 14A  
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant [X]  
Filed by a party other than the Registrant [ ]

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

The Commerce Group, Inc.

-----  
(Name of Registrant as Specified in Its Charter)

-----  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed

pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing party:

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(4) Date Filed:  
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The Commerce Group, Inc.  
211 Main Street  
Webster, Massachusetts 01570  
(508) 943-9000

April 11, 2003

To Our Stockholders:

I am pleased to invite you to attend the 2003 Annual Meeting of Stockholders of The Commerce Group, Inc., which will be held at 9:00 a.m. on Friday, May 16, 2003, at the Company's new Sutton Road Building, 16 Sutton Road, Webster, Massachusetts.

The accompanying Notice of the Annual Meeting of Stockholders and Proxy Statement set forth the business to come before this year's Annual Meeting.

If you plan to attend the meeting, please bring a form of personal identification with you and, if you are acting as proxy for another, please bring written confirmation from the record owner that you are acting as proxy.

Whether or not you expect to attend the meeting, please sign and date the enclosed form of proxy and return it promptly in the accompanying envelope to ensure that your shares will be represented. If you attend the meeting, you may withdraw any proxy previously given and vote your shares in person if you so desire.

Cordially,

/s/ Arthur J. Remillard, Jr.

ARTHUR J. REMILLARD, JR.  
President, Chief Executive Officer  
and Chairman of the Board

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The Commerce Group, Inc.  
211 Main Street  
Webster, MA 01570  
(508) 943-9000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 16, 2003

April 11, 2003

To Our Stockholders:

You are cordially invited to attend the 2003 Annual Meeting of

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Stockholders of The Commerce Group, Inc. (the "Company") at the Company's new Sutton Road Building located at 16 Sutton Road, Webster, Massachusetts at 9:00 a.m. on Friday, May 16, 2003. The meeting is called for the purpose of considering and acting upon:

1. A proposal to fix at 17 the number of directors of the Company and to elect such directors.
2. The transaction of such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The close of business on March 21, 2003 was fixed by your Board of Directors as the record date for the determination of stockholders entitled to notice of and to vote at the meeting.

We urge you to attend and to participate at the meeting, no matter how many shares you own. Even if you do not expect to attend the meeting personally, we urge you to please vote, and then sign, date and return the enclosed proxy card in the postpaid envelope provided. If you receive more than one proxy card because your shares are registered in different names or at different addresses, please sign and return each proxy card so that all of your shares will be represented at the meeting.

By Order of the Board of Directors

/s/ John W. Spillane

JOHN W. SPILLANE  
Clerk

THE COMMERCE GROUP, INC.  
211 Main Street  
Webster, MA 01570  
(508) 943-9000

PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 16, 2003

### GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of Proxies by the Board of Directors of The Commerce Group, Inc. (the "Company"). The Proxies will be used at the Annual Meeting of the Stockholders of the Company on Friday, May 16, 2003 at 9:00 o'clock a.m. at the Company's new Sutton Road Building located at 16 Sutton Road in Webster, Massachusetts and at any adjournment or adjournments thereof (the "Annual Meeting"). The Company's Annual Report to Stockholders on Form 10-K, containing the financial statements for the year ended December 31, 2002 and the report of the Company's independent auditors, Ernst & Young LLP thereon, is being mailed with this Proxy Statement to the Company's stockholders of record at the close of business on March 21, 2003. The Company mailed this Proxy Statement and related form of Proxy on or about April 11, 2003.

### VOTE REQUIRED

A Proxy is enclosed. Unless contrary instructions are indicated on

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the Proxy, or the Proxy is revoked, all shares represented by each Proxy received will be voted FOR a proposal to fix at 17 the number of directors of the Company and FOR the election of the nominees for directors named on page 7 and by the Proxy holders in their discretion on any other business properly to come before the Annual Meeting. If a stockholder specifies a different choice by means of the Proxy, the shares will be voted as specified. A stockholder may revoke a Proxy at any time prior to the time it is voted by filing with the Clerk of the Company, or its transfer agent, a written notice of revocation or by delivering to the Company, or its transfer agent, a duly executed Proxy bearing a later date. Any stockholder who attends the Annual Meeting in person will not be deemed thereby to revoke the Proxy, unless such stockholder affirmatively indicates thereat his or her intention to vote the shares in person.

So long as a quorum is present at the Annual Meeting, the directors shall be elected by a plurality of the votes cast at the Annual Meeting by the holders of shares entitled to vote thereat. There is no cumulative voting in the election of directors. With regard to the election of directors, votes may be cast in favor or withheld; votes that are withheld will have no effect on the outcome of the election of directors. Broker non-votes and shares represented by any Proxy as to which the vote for each director nominee has been withheld will be treated as shares present or represented at the Annual Meeting for quorum purposes. (A "broker non-vote" occurs when a registered broker holding a customer's shares in the name of the broker has not received voting instructions on a matter from the customer and is barred from exercising discretionary authority to vote on the matter, which the broker indicates on the proxy.)

Only the holders of record of shares of Common Stock at the close of business on March 21, 2003 will be entitled to receive notice of and to vote at the Annual Meeting.

At the close of business on March 21, 2003, the Company had 31,879,835 shares of Common Stock outstanding and entitled to be voted. Every stockholder will be entitled to one vote for each share of Common Stock recorded in his or her name on the books of the Company as of that date.

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### COST OF SOLICITATION

The cost of soliciting Proxies for the Annual Meeting will be borne by the Company. Proxies may be solicited by directors, officers or employees of the Company without additional compensation in person or by telephone or telegram. The Company will use the services of Georgeson Shareholder to aid in the solicitation of Proxies at a fee of \$4,000 plus expenses. The Company will also request persons, firms and corporations holding shares in their names, or in the names of their nominees, which shares are beneficially owned by others, to send this proxy material to and obtain Proxies from such beneficial owners and will reimburse such holders for their reasonable expenses in so doing.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of March 21, 2003 with respect to the beneficial ownership of shares of the Company's Common Stock by the following individuals: (a) each person who is known to the Company to own beneficially more than 5% of the outstanding shares of such stock; (b) the Company's directors and nominees; (c) each of the

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executive officers named in the Summary Compensation Table; and, (d) all of the Company's directors and executive officers as a group. The information in the tables and in the related notes has been furnished by or on behalf of the indicated owners.

Name and Address of Beneficial Owner	Amount of Shares Beneficially Owned(1)	Percentage of Shares(1)
-----		
(a) Security ownership of certain beneficial owners:		
The Commerce Group, Inc. Employee Stock Ownership Plan 211 Main Street Webster, MA 01570	2,901,814	9.1%
(b) Security ownership of directors and nominees:		
Herman F. Becker	443,980	1.4%
Joseph A. Borski, Jr.	66,752	*
Eric G. Butler	177,424	*
Henry J. Camosse	195,211 (2)	*
Gerald Fels	761,343 (3)	2.4%
David R. Grenon	328,842 (4)	1.0%
Robert W. Harris	109,697 (5)	*
Robert S. Howland	68,474 (6)	*
John J. Kunkel	1,051,370	3.3%
Raymond J. Lauring	835,774	2.6%
Normand R. Marois	187,427	*
Suryakant M. Patel	577,034	1.8%
Arthur J. Remillard, Jr.	751,339 (7)	2.4%
Arthur J. Remillard, III	975,527 (8)	3.1%
Regan P. Remillard	685,752 (9)	2.2%
Gurbachan Singh	410,102	1.3%
John W. Spillane	757,704 (10)	2.4%

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Name and Address of Beneficial Owner	Amount of Shares Beneficially Owned(1)	Percentage of Shares(1)
-----		
(c) Security ownership of named executive officers:		
Arthur J. Remillard, Jr.	751,339 (7)	2.4%
Gerald Fels	761,343 (3)	2.4%
Regan P. Remillard	685,752 (9)	2.2%
James A. Ermilio	22,658 (11)	*
Arthur J. Remillard, III	975,527 (8)	3.1%
(d) All executive officers and directors as a group (23 persons)	8,734,741 (12)	27.4%