

The Commerce Group, Inc.
Nominating and Corporate Governance Committee Charter

Purpose of Committee

The primary purpose of the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of The Commerce Group, Inc. (the “Company”) is to assist the Board in identifying and recommending individuals to the Board for nomination as members of the Board and its committees, and in developing and recommending to the Board corporate governance principles applicable to the Company.

Committee Membership

The Committee shall be composed of at least three members of the Board, each of whom is, in the business judgment of the Board, “independent” under the rules of the New York Stock Exchange and determined in accordance with the Company’s Corporate Governance Guidelines. The members of the Committee shall be appointed annually and removed or replaced by the Board in its discretion.

Committee Structure and Operation

The Board shall designate one member of the Committee as its chairperson. The Committee shall meet as often as necessary to carry out its responsibilities under this Charter. The Committee shall make regular reports to the Board. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain counsel and other experts or consultants. Further, the Committee shall have the sole authority to select, retain and terminate any search firm to be used to identify Director candidates and to approve the search firm’s fees and other retention terms.

Committee Responsibilities

1. To identify candidates believed to be qualified to become Board members, to receive nominations for Board membership from stockholders, to review and evaluate the qualifications of all such candidates based on the criteria set by the Board and described herein, and to recommend to the Board the nominees to stand for election as Directors of the Company at the annual meeting of stockholders. The following are the Board’s fundamental criteria for selecting and evaluating Directors, with such criteria to be re-evaluated periodically:

- Integrity
- Judgment

- Commitment to the Company and its stockholders
- Understanding of the business, the industry, and the role of a director on a public company board
- Willingness and ability to participate and contribute in meetings and in preparation for meetings
- Experience relevant to the business of the Company;
- Enhancing the diversity of the Board;
- Independence within the meaning of the Company's Corporate Governance Guidelines; and
- A reputation befitting a director of a large publicly held company.

The Board and the Committee need not quantify or assign relative weights to the criteria considered in selecting or evaluating any nominee to stand for election as a Director of the Company, or to be appointed to fill a vacancy on the Board.

2. To recommend to the Board the structure, composition and functions of the committees of the Board and to identify, in consultation with the Chairman and Chief Executive Officer of the Company, Board members qualified to become members of the committees of the Board (including this Committee). In nominating a Director for committee membership, this Committee shall take into consideration, among other things, the Director's experience and background, their relevance to the goals and responsibilities of the committee and the Director's preference.

3. To develop and recommend to the Board corporate governance principles applicable to the Company, to review those principles periodically, and to recommend any proposed changes to the Board for approval.

4. To review any waiver and interpretation of the code of ethics applicable to Directors; and potential conflicts of interest or other issues arising as a result of other positions held or proposed to be held by, or any change in circumstances of, a Director.

5. To oversee the annual evaluation of the Board, which shall include consideration of the following criteria, among others:

- Preparation and participation
- Attendance
- Character and Integrity
- Actual or perceived conflicts of interest

6. To oversee an annual evaluation of management.

7. To review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.

8. To evaluate its own performance annually.

9. To perform any other responsibilities delegated to the Committee by the Board from time to time.