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PUTNAM DIVIDEND INCOME FUND
Form SC 13D
April 11, 2001

United States
Securities and Exchange Commission
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 4)

Putnam Dividend Income Fund
(Name of Issuer)

Common Stock
(Title of Class of Securities)

746706-10-0
(CUSIP Number)

The Commerce Group Inc.
211 Main Street
Webster, MA 01570
(508) 943-9000
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

April 11, 2001
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box: [X]

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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THE COMMERCE GROUP, INC.
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1. NAME OF REPORTING PERSON
S.S. OR I.R.S. ID NO. OF ABOVE PERSON

The Commerce Group, Inc.
ID# 04-2599931

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) []

3. SEC USE ONLY

4. SOURCE OF FUNDS [WC]

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2 (d) OR 2 (e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Massachusetts

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SOLE VOTING POWER	5,420,950
SHARED VOTING POWER	0
SOLE DISPOSITIVE POWER	5,420,950
SHARED DISPOSITIVE POWER	0

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,420,950

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES []

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
50.1%

14. TYPE OF REPORTING PERSON
[HC]

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ITEM 1. SECURITY AND ISSUER

This Schedule 13D relates to the shares of beneficial interest (the "Shares"), of Putnam Dividend Income Fund (the "Fund"), a Massachusetts business trust registered as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The principal executive offices of the Fund are located at One Post Office Square, Boston, MA.

ITEM 2. IDENTITY AND BACKGROUND

(a) - (c) This Schedule 13D is being filed by The Commerce Group, Inc. (the "Reporting Person"), a corporation formed under the laws of Massachusetts. The Reporting Person is a corporation whose principal offices are located at 211 Main Street Webster, MA 01570. The name, business address and principal occupation of each director and executive officer of the Reporting Person are set forth on Annex A hereto, which is incorporated by reference. All information in this Schedule 13D with respect to the persons listed on Annex A is given to the knowledge of the Reporting Person.

(d) During the past five years, neither the Reporting Person nor any of the persons listed on Annex A has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five years, neither the Reporting Person nor any of the persons listed on Annex A has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) All of the individuals listed in Annex A are citizens of the United States.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

The source of the funds used by the Reporting Person to purchase

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Shares listed in Item 5(a) was working capital. The amount of the funds used to purchase such shares aggregated approximately \$54,233,400.

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ITEM 4. PURPOSE OF TRANSACTION

On April 6, 2001, the Board of Trustees of the Issuer announced that it would immediately and completely liquidate the Fund and forcibly redeem the interests of all shareholders. The announced plan of liquidation is purportedly to be implemented without shareholder consideration, and will result in a liquidating distribution to shareholders of record as of April 16, 2001. In its announcement, the Trustees conveyed that their decision to liquidate the Fund was intended to prevent shareholders from replacing the current Putnam trustees.

The Reporting Person, by letter dated, April 11, 2001 (Attached hereto as Appendix A) has proposed to the Issuer that the Fund continue in existence and that all shareholders, other than the Reporting Person, be given the opportunity to be redeemed at net asset value, or to remain invested in the Fund. The Reporting Person believes that the Trustees' proposal would present shareholders with the risk of losing millions of dollars in value, since the Putnam action calls for an immediate sale or distribution of the Issuer's portfolio, regardless of current prices or market conditions. The Trustees' action also fails to distribute to the shareholders fair value for their pro rata share of the intangible assets of the Fund.

The Reporting Person believes that it is inappropriate to force shareholders of a closed-end fund to either (i) accept a redemption in cash or securities, or (ii) exchange their interests into another Putnam managed fund. Instead, the Reporting Person believes that the current Trustees should reconsider the liquidation and permit shareholders to retain their interests and to do so before beginning to liquidate the Fund's assets. The Reporting Person had sought a meeting with the Trustees for several weeks prior to their April 6 announcement but was not given the opportunity to meet with them.

The Reporting Person is continuing to evaluate alternative actions, including taking shareholder action to prevent or rescind the purported liquidation, pursuing legal or regulatory relief against the Issuer, its

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trustees or the investment adviser to the Issuer, or making further proposals.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) The Fund's reports with the Securities and Exchange Commission report that 10,828,107 Shares are outstanding. Based upon such number, the Reporting Person beneficially owns 50.1% of the Fund's outstanding Shares.

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The Reporting Person is the beneficial owner (through its insurance subsidiaries as listed below) of 5,420,950 Shares, over which it has sole power of disposition and voting. Such number of Shares represents approximately 50.1% of the outstanding shares.

	Shares	Cost
The Commerce Insurance Company	4,860,950	\$48,834,719
Citation Insurance Company	100,000	966,500
American Commerce Insurance Company	300,000	2,858,906
Commerce West Insurance Company	160,000	1,573,275
Totals	5,420,950	\$54,233,400

(c) No purchases of shares of Common Stock have been effected subsequent to March 31, 2001. Purchases prior to April 1, 2001, all of which were made on the New York Stock Exchange, were reported on previous Schedule 13D filings.

(d) No person other than the Reporting Person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of Common Stock owned by the Reporting Person.

(e) It is inapplicable to state the date on which the Reporting Person ceased to be the beneficial owner of more than five percent of the Common Stock.

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ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS
WITH RESPECT TO SECURITIES OF THE ISSUER

The Reporting Person does not have any contract, arrangement, understanding or relationship (legal or otherwise) with any person with respect to any securities of the Fund, including, but not limited to, the transfer or voting of any such securities, finders' fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

Annex A	Officers and Directors of Reporting Person and Insurance
Subsidiaries	
Appendix A	Letter to John A. Hill, Chairman of the Trustees of
Putnam Dividend	Income Fund

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

APRIL 11, 2001

THE COMMERCE GROUP, INC.

Gerald Fels
Executive Vice President &
Chief Financial Officer

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ANNEX A

THE COMMERCE GROUP, INC.

DIRECTORS

Herman F. Becker.....	Owner of Sterling Realty and Huguenot Development Corporation
Joseph A. Borski, Jr.....	Self-employed Certified Public Accountant
Eric G. Butler.....	Retired Vice President and General Claims Manager of Commerce and Citation
Henry J. Camosse.....	Retired President, Henry Camosse & Sons Co., Inc., a building and masonry supplies company
Gerald Fels.....	Executive Vice President and Chief Financial Officer of the Company
David R. Grenon.....	Chairman Emeritus and Assistant Clerk of The

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Protector Group Insurance Agency, Inc.

Robert W. Harris..... Retired Treasurer, H.C. Bartlett Insurance Agency, Inc.

Robert S. Howland..... Retired Clerk, H.C. Bartlett Insurance Agency, Inc.

John J. Kunkel..... President and Treasurer, Kunkel Buick and GMC Truck; Treasurer, Kunkel Bus Company

Raymond J. Lauring..... Retired President, Lauring Construction Company

Roger E. Lavoie..... Retired President and Treasurer, Lavoie Toyota-Dodge, Inc.

Normand R. Marois..... Retired Chairman of the Board, Marois Bros., Inc., a contracting firm

Suryakant M. Patel..... Retired physician who specialized in internal medicine

Arthur J. Remillard, Jr..... President, Chief Executive Officer and Chairman of the Board of the Company

Arthur J. Remillard, III..... Senior Vice President and Assistant Clerk of the Company; Senior Vice President of Commerce and Citation in charge of Policyholder Benefits

Regan P. Remillard..... Senior Vice President of the Company; President and Secretary of Commerce West Insurance Company; President of ACIC Holding Co., Inc.; Vice Chairman of the Board and Chief Executive Officer of American Commerce Insurance Company

Gurbachan Singh..... Retired physician who specialized in general surgery

John W. Spillane..... Clerk of the Company and practicing attorney

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ANNEX A

DIRECTORS OF
COMMERCE HOLDINGS, INC.
The Commerce Insurance Company
Commerce West Insurance Company
Citation Insurance Company

Arthur J. Remillard, Jr..... President, Chief Executive Officer and Chairman of the Board

Gerald Fels..... Executive Vice President and Chief Financial Officer; Treasurer, Commerce Holdings, Inc.

Arthur J. Remillard, III..... Senior Vice President and Clerk

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Regan P. Remillard.....	Senior Vice President; President and Secretary of Commerce West Insurance Company
James A. Ermilio.....	Vice President and General Counsel
David R. Grenon.....	Chairman Emeritus and Assistant Clerk of The Protector Group Insurance Agency
John M. Nelson.....	Chairman of Brown & Sharpe Mfg., Co.
Suryakant M. Patel.....	Retired physician who specialized in internal medicine
William G. Pike.....	Executive Vice President and Chief Financial Officer of Granite State Bankshares, Inc.
H. Thomas Rowles.....	Chairman of the Board of ACIC Holding Co., Inc.; Chairman of the Board of American Commerce Insurance Company; President, Chief Executive Officer and Director of AAA Southern New England
Mark A. Shaw.....	Treasurer of ACIC Holding Co., Inc.; Executive Vice President and Chief Operating Officer of AAA Southern New England

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ANNEX A

DIRECTORS OF
American Commerce Insurance Company

H. Thomas Rowles.....	Chairman of the Board of ACIC Holding Co., Inc.; Chairman of the Board of American Commerce Insurance
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	Company; President, Chief Executive Officer and Director of AAA Southern New England
Regan P. Remillard.....	President of ACIC Holding Co., Inc.; Vice Chairman of the Board and Chief Executive Officer of American Commerce Insurance Company; Senior Vice President of The Commerce Group, Inc.; President and Secretary of Commerce West Insurance Company
Mark A. Shaw.....	Treasurer of ACIC Holding Co., Inc.; Executive Vice President and Chief Operating Officer of AAA Southern New England
Gerald Fels.....	Executive Vice President and Chief Financial Officer of The Commerce Group, Inc.
Patrick W. Doherty.....	President and Chief Executive Officer of AAA Oklahoma
Terry R. Farias.....	President and Chief Executive Officer of AAA Hoosier Motor Club
Roger L. Graybeal.....	President and Secretary of AAA Oregon/Idaho
Richard S. Hamilton.....	President of AAA West Pennsylvania/West Virginia/South Central Ohio
Gerald P. Hogan.....	President and Chief Operating Officer of American Commerce Insurance Company
Charles B. Liekweg.....	President and Chief Executive Officer of AAA Washington
D. James McDowell.....	President and Chief Executive Officer of AAA Arizona
Peter C. Ohlheiser.....	President of Ohio Motorists Association

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THE COMMERCE GROUP, INC.

Officers of the Commerce Group, Inc.

President, Chief Executive Officer and Chairman of the Board.....	Arthur J. Remillard, Jr.
Executive Vice President and Chief Financial Officer.....	Gerald Fels
Senior Vice President and Assistant Clerk.....	Arthur J. Remillard, III
Senior Vice President.....	Regan P. Remillard
Senior Vice President.....	Mary M. Fontaine
Vice President and General Counsel.....	James A. Ermilio
Clerk.....	John W. Spillane
Treasurer and Chief Accounting Officer.....	Randall V. Becker
Assistant Treasurer.....	Thomas A. Gaylord
Assistant Vice President.....	Robert E. McKenna

Officers of Massachusetts Subsidiaries

President, Chief Executive Officer and Chairman of the Board.....	Arthur J. Remillard, Jr.
Executive Vice President and Chief Financial Officer.....	Gerald Fels
Senior Vice President and Secretary.....	Arthur J. Remillard, III
Senior Vice Presidents.....	David H. Cochrane Peter J. Dignan Mary M. Fontaine Regan P. Remillard Joyce B. Virostek
Vice Presidents.....	Elizabeth M. Edwards Karen A. Lussier Michael J. Richards Angelos Spetseris Henry R. Whittier, Jr.
Vice President and General Counsel.....	James A. Ermilio
Assistant Vice Presidents.....	David P. Antocci Robert M. Blackmer Stephen R. Clark Raymond J. DeSantis Warren S. Ehrlich Richard W. Goodus James E. Gow Susan A. Horan John V. Kelly Ronald J. Lareau Donald G. MacLean Robert E. McKenna Robert L. Mooney Emile E. Riendeau
Treasurer and Chief Accounting Officer.....	Randall V. Becker
Assistant Treasurer.....	Thomas A. Gaylord

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ANNEX A

Officers of American Commerce Insurance Company

Chairman of the Board.....	H. Thomas Rowles
Vice Chairman of the Board and Chief Executive Officer.....	Regan P. Remillard
President and Chief Operating Officer.....	Gerald P. Hogan
Senior Vice President and Chief Financial Officer.....	Michael V. Vrban
Senior Vice President.....	Carol R. Blaine
Treasurer.....	Richard B. O'Hara
Chief Legal Officer and Secretary.....	James A. Ermilio
Assistant Vice President.....	Gregory S. Clark
Assistant Vice President, General Counsel, and Assistant Secretary.....	Julie Deley-Shimer

APPENDIX A

THE COMMERCE GROUP, INC.

April 11, 2001

Via Facsimile and Overnight Mail

Mr. John A. Hill
Chairman of the Trustees
Putnam Dividend Income Fund
One Post Office Square
Boston, Massachusetts 02109

Dear Mr. Hill:

We are writing to request that you and the independent Trustees meet with representatives of The Commerce Group, Inc. ("Commerce") to discuss the interests of shareholders of the Putnam Dividend Income Fund. The purpose of our meeting would be to discuss how Fund shareholders would be better served by the Trustees' considering an alternative to the complete liquidation of the Fund announced on Friday.

The context of our request is important to review. As you know, for several years Commerce, with its affiliates, has held 30% or more of the outstanding shares of Putnam Dividend Income Fund. Like other shareholders, Commerce chose to invest in the Fund as a tax-efficient pooled investment vehicle, and an alternative to redeemable open-end funds. In fact, Putnam long advocated the closed-end structure as providing long-term value beyond the day-to-day market price of its investments.

Over the past several weeks we have asked, but were not given the opportunity, to meet with one or more Trustees of the Fund to discuss means of furthering the interests of all shareholders. We have met with the Fund's advisor. Over this time, we have become convinced that there remains untapped value in the Fund, and that there are changes in structure and strategy that would enhance that value. We strongly believe that the announced plan of complete liquidation is not the best means to accomplish that goal.

Instead, we are hereby proposing that the Fund continue in operation, with shareholders (other than Commerce) being given the choice to (i) receive a distribution of net asset value, in cash or in kind, or (ii) retain their ownership in the Fund.

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Mr. John A. Hill
April 11, 2001
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We believe that this alternative satisfies the goals announced on Friday by the Trustees, yet offers both large and small shareholders the opportunity to maintain their chosen long-term strategy in a tax efficient manner. Rather than a forced redemption of all shareholders in what may be an inopportune market, and an unplanned taxable event to shareholders, our proposal would offer shareholders the opportunity to continue having their assets managed by Putnam Investment Management, or a successor. Further, it allows current Trustees to offer an exit for those that choose liquidity, rather than continue with potentially new trustees or fund management.

It is imperative that this course of action be discussed before irrevocable steps are taken that dissipate the value that is in the Fund and in its portfolio. Please contact me immediately at (508) 949-4113 to arrange for this meeting.

Sincerely,

Gerald Fels,
Executive Vice President and
Chief Financial Officer

cc: (via facsimile and overnight mail)
Jameson A. Baxter, Trustee
Hans H. Estin, Trustee
Ronald J. Jackson, Trustee
Paul L. Joskow, Trustee
Elizabeth T. Kennan, Trustee
Lawrence K. Lasser, Trustee
John H. Mullin, III, Trustee
Robert E. Patterson, Trustee
George Putnam, III, Trustee
A.J.C. Smith, Trustee
W. Thomas Stephens, Trustee
W. Nicholas Thorndike, Trustee

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