

**BYLAWS OF  
MISSOURI RURAL ELECTRIC COOPERATIVES  
WORKERS' COMPENSATION GROUP SELF  
INSURERS POOL**

**DEFINITIONS**

For the purpose of these Bylaws the following terms shall have the stated definitions:

(A) "Actuarial Opinion" shall mean the report of an independent actuarial consultant who is a member of the American Academy of Actuaries or other qualified loss reserve specialist as defined in the Annual Statement adopted by the National Association of Insurance Commissioners, or as approved by the Division.

(B) "Admitted Assets" shall mean the following types of assets:

(a) United States government bonds, United States Treasury notes;

(b) certificates of deposits issued by a federal agency;

(c) investment share accounts in a savings and loan association which deposits are insured by a federal agency; and

(d) certificates of deposit issued by a duly chartered commercial bank; provided, however, that deposits in savings and loan associations and commercial banks shall be limited to institutions in Missouri and shall not exceed the federally insured amount on any one (1) account, except that the federally insured amount on any one (1) account may be exceeded if the amount involved in such an account does not exceed any of the two (2) following factors:

(i) five percent (5%) of the combination of surplus and undivided profits and reserves as currently reported for each bank in Missouri in the biennial report of the Missouri Department of Economic Development, Division of Finance; and

(ii) five hundred thousand dollars (\$500,000) per institution.

- (C) "Director" shall mean the Director of the Missouri Department of Insurance.
- (D) "Division" shall mean the Missouri Department of Labor and Industrial Relations, Division of Workers' Compensation.
- (E) "Excess Insurer" shall mean the insurer issuing to the Pool the excess insurance policies contemplated in Article 6 hereof.
- (F) "Insolvency of the Pool" shall exist when (a) the sum of the Pool's total assets is less than the sum of its total liabilities or (b) if the Pool is unable to pay its obligations as they become due in the ordinary course of business.
- (G) "Members" shall mean those eligible persons accepted as members by the Board of Trustees under such terms and conditions as the Trustees shall specify.
- (H) "Policy Year" shall mean the annual period of insurance coverage under the specific and aggregate excess insurance policies described in Section 6.1 and Section 6.2 hereof, respectively.
- (I) "Service Company" shall mean any person with whom the Pool contracts pursuant to Section 7.2 hereof for the provision of claims adjustment and similar services.

## ARTICLE I

### MEMBERS MEETINGS

1.1 Annual Meeting. The annual meeting of the Members shall be held on a business day as selected by the Board of Trustees each year for the purpose of electing Trustees and for the transaction of such other business as may properly come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Missouri, such meeting shall be held on the next succeeding business day. If the election of Trustees shall not be held on the day designated herein for any annual meeting of the

Members, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the Members as soon thereafter as is convenient.

1.2 Special Meetings. Special meetings of the Members, for any purpose or purposes, may be called by the President or by the Board of Trustees and shall be called by the President at the written request of not less than twenty-five percent (25%) of the Members.

1.3 Member Action Without a Meeting. Any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

1.4 Place of Meeting. The Board of Trustees may designate any place, either within or without the State of Missouri, as the place of meeting for any annual meeting or for any special meeting called by the Board of Trustees. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, either within or without the State of Missouri, as the place for the holding of any such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Pool in the State of Missouri.

1.5 Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by mailing to each Member a copy of such notice, postage prepaid, directed to his or her last known post office address appearing on the

books and records of the Pool at least twenty-one (21) days prior to the time fixed for such meeting.

1.6 Closing of Transfer Books or Fixing of Record Date. For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Board of Trustees may fix in advance a date as the record date for any such determination of Members. If no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, the date on which notice of the meeting is mailed shall be the record date for such determination of Members.

1.7 Quorum. A majority of the Members entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of Members.

1.8 Proxies. At all meetings of the Members, a Member may vote by proxy executed in writing by such Member. Such proxy shall be filed with the Secretary of the Pool before or at the time of the meeting.

1.9 Adjournment. Any meeting of the Members, whether or not a quorum is present, may be adjourned by a majority of the Members represented at such meeting, to reconvene at a specific time and place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted thereat, if the time and place of such reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is represented or present, any business may be transacted which could have been transacted at the meeting which was adjourned.

## ARTICLE 2

### BOARD OF TRUSTEES

2.1 General Powers. The business affairs and operations of the Pool shall be managed by a Board of Trustees. The Members shall elect the Board of Trustees at the annual meeting of the Members. The Board of Trustees shall ensure that all claims of the Pool are paid promptly and take all necessary precautions to safeguard the assets of the Pool.

2.2 Number, Tenure and Qualifications. The number of Members of the Board of Trustees shall be seven (7). The members shall be composed of one from each of the Association of Missouri Electric Cooperative's (AMEC) districts and one from among the officers of AMEC. Each member of the Board of Trustees shall be a natural person, eighteen (18) years of age or older, and shall be a director, officer or employee of a Member of the Pool. No member of the Board of Trustees may be an employee, officer or director, or have either a direct or indirect financial interest in a Service Company. At the annual meeting held in 1993, the Trustees other than the one from among the officers of AMEC shall draw lots such that two of them shall be elected for a term of three (3) years, two of them shall be elected for a term of two (2) years, and the remaining two shall be elected for a term of one (1) year. Thereafter such Trustees from the districts shall serve terms of three (3) years and until their successors are elected and qualified. The Trustee selected from among the officers of AMEC shall serve for a term of one (1) year and until his successor is elected and qualified. Nominations of Trustees for each

District shall be made by the members of that District. The Trustee from among the officers of AMEC shall be nominated by the Executive Committee of AMEC. All elections from among those nominated shall be by the membership at large.

2.3 Removal. Any Trustee may be removed either with or without cause at any special or regular meeting of the Members by the affirmative vote of two-thirds (2/3) of the Members. A successor to a removed Trustee may be elected at such meeting to serve the unexpired term of such Trustee.

2.4 Resignation. A Trustee may resign at any time by delivering written notice to the Board of Trustees or the President. A resignation shall be effective when notice thereof is delivered unless the notice specifies a later effective date.

2.5 Vacancies. Any vacancy on the Board of Trustees arising at any time and for any reason, including the authorization of an increase in the total number of Trustees, may be filled for the unexpired term at any meeting of the Board of Trustees by a majority of the Trustees. Each Trustee so elected shall hold office until the next annual meeting of the Board of Trustees and qualification of his or her successor.

2.6 Regular Meetings. A regular meeting of the Board of Trustees shall be held without notice other than this section immediately after the annual meeting of the Members. The Board of Trustees may provide, by resolution, the time and place, either within or without the State of Missouri, for the holding of additional regular meetings without notice other than such resolution.

2.7 Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of the President and must be called when requested to do so in

writing by three (3) Trustees. Unless waived, the President, Secretary or any Trustee shall give notice to each Trustee of each special meeting stating the time, place and purposes of such meeting. Such notice shall be given by mailing at least three (3) days before the date of the meeting. Upon written notice of the time and place and purpose or purposes of any special meeting, any of the Trustees may consent in writing to any specific action proposed to be taken by the Pool; if approved by a majority of the Trustees at such special meeting, including those consenting in writing, such action shall be a valid Pool action as though authorized at a regular meeting of the Trustees. The minutes of such approval and action shall be fully recorded, each written consent shall be made a part thereof, and those minutes and written consents shall be reviewed at the next regular meeting of the Board of Trustees.

2.8 Board Action Without a Meeting. Any action required to be taken at a meeting of the Board of Trustees or a committee thereof, or any other action which may be taken at a meeting of the Board of Trustees or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all members of the Board of Trustees, or a committee thereof, as the case may be, entitled to vote with respect to the subject matter thereof.

2.9 Telephonic and Similar Meetings. One or more members of the Board of Trustees or any committee thereof may participate in a meeting of the Board of Trustees or such committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

2.10 Quorum. A majority of the Board of Trustees constitutes a quorum for the transaction of business, and the acts of a majority of the Trustees present at a meeting at which a quorum is present shall be the acts of the Board of Trustees.

2.11 Compensation. The Board of Trustees shall, by resolution, appoint a compensation committee which shall be responsible for recommending the compensation of the Trustees and officers of the Pool. Such recommendations shall be made to the Board of Trustees. Subject to the prior approval of the membership, the Board of Trustees shall receive such compensation recommended by the Compensation Committee and approved by the membership. A Trustee may also serve the Pool in a capacity other than as Trustee and receive compensation, as determined by the Board of Trustees, for the services rendered by such Trustee in that other capacity.

2.12 Adjournment. Any meeting of the Board of Trustees, whether or not a quorum is present, may be adjourned by a majority of the Trustees present or represented at such meeting, to reconvene at a specific time and place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of such reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is represented or present any business may be transacted which would have been transacted at the meeting which was adjourned.

2.13 Direction and Action of Board of Trustees.



The Board of Trustees shall direct the investment of the funds of the Pool, appoint such standing or special committees as may be deemed advisable, approve the appointment by the President of such Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers as may be deemed advisable and perform such other duties as may be designated by the Board of Trustees.

2.14 Authority of the Board. The Board of Directors shall have the power to make and adopt such policies, rules and regulations, not inconsistent with Missouri or Federal law, the Pooling and Indemnity Agreement or these Bylaws, as it may deem advisable for the management of the business and affairs of the Missouri Rural Electric Cooperatives Workers' Compensation Group Self Insurers Pool.

### ARTICLE 3

#### OFFICERS

3.1 Officers. The officers of the Pool shall consist of the President, Vice President, Secretary and Treasurer, elected by the Board of Trustees. Any two (2) offices may be held by the same person except the offices of President and Secretary.

3.2 Election and Term. All Officers shall be elected by the Board of Trustees and shall serve at the will of the Board of Trustees until their respective successors have been elected and qualified, or until their earlier death, resignation, removal or retirement.

3.3 President. The President shall have general supervision of the business affairs of the Pool; provided, however, that the authority to employ or contract with attorneys, actuaries, accountants, claims service entities and excess insurance carriers

shall lie only with the Board of Trustees. The President shall carry out the policies established by the Board of Trustees and shall perform such other duties as are incident to the office of President and as may be prescribed by statute, these Bylaws and the Board of Trustees. The President shall preside at all meetings of the Members of the Pool or the Board of Trustees.

3.4 Vice Presidents. All Vice Presidents elected by the Board of Trustees shall be Officers of the Pool and each Vice President shall have general charge and supervision of the specific division or function of the Pool's operations as designated by the President and each Vice President shall perform such other duties as may be prescribed by the Board of Trustees or the President. The Board of Trustees may designate one or more of the Vice Presidents elected by it as an Executive Vice President. Such an Executive Vice President shall have general charge and supervision of a division or grouping of the Pool's operations or functions as designated by the President.

3.5 Secretary. The Secretary shall give notice of all meetings of the Members and where notice may be required, a notice of the meetings of the Board of Trustees, and shall keep a record of the proceedings of all such meetings. The Secretary shall execute, either personally or by facsimile signature, all contracts of insurance and keep a record of the same, and shall perform the duties usually incident to the office of Secretary and shall perform such other duties as may be prescribed by the Board of Trustees and the President.

3.6 Treasurer. The Treasurer shall be the principal accounting officer of the Pool and shall render an accurate account of the financial condition of the Pool at the annual meeting of the Members. The Treasurer shall perform the duties usually incident to the office of Treasurer and such other duties as may be prescribed by the Board of Trustees and the President.

3.7 Substitutes. In the temporary absence of any Officer of the Pool except the President, the President may designate the substitute who may perform such duties as are required of such Officer.

3.8 Removal. Any Officer of the Pool may be removed with or without cause by the Board of Trustees at any meeting with respect to which notice of such purpose has been given to the Board of Trustees.

3.9 Resignation. An Officer may resign at any time by delivering written notice to the Board of Trustees or President. A resignation shall be effective when notice thereof is received unless the notice specifies a later effective date.

## ARTICLE 4

### TRUSTEE AND FUND ACCOUNT

4.1 Trustee Fund. The Board of Trustees shall establish and maintain a trustee fund (the "Trustee Fund") located within or without the State of Missouri for the deposit of self-insurance premiums and assessments paid by the members. The Trustee Fund shall be maintained for payment of taxes, general regulatory fees, loss control, training

costs, claims, claims processing expenses, compensation and all other costs of the Pool.

No other use of the funds in the Trustee Fund shall be permitted.

4.2 Claims Fund. From the funds deposited into the Trustee Fund, the Board of Trustees shall establish and maintain a claims fund (the "Claim Fund") with a designated depository located within or without the State of Missouri. The Claim Fund shall be maintained at an amount necessary to cover payment of all incurred and contingent liabilities of the Pool. The Board of Trustees shall also establish a revolving fund (the "Revolving Fund") for use by the Service Company to pay claims on behalf of the Pool, which shall be replenished from time-to-time by the Claims Fund.

4.3 Loss Control Training. The Trustees may set aside a portion of the self insurance premiums paid by the members to be used to provide safety and loss control training for the employees or members of the Pool.

## ARTICLE 5

### SURPLUS AND PREMIUM CONTRIBUTIONS

5.1 Self-Insurance Premiums. Each Member of the Pool shall contribute annual and periodic self-insurance premiums to the Pool when and in the amounts as may be determined by the Board of Trustees so as to maintain the funds of the Pool at an amount equal to the then recommended total expected level of funding the retained risk, net of excess insurance, plus additional funds sufficient to pay excess insurance premiums and the administrative expenses of the Pool. For the first fiscal year of the Pool, twenty-five percent (25%) of such year's annual self-insurance premium shall be

collected at least ten (10) days prior to the inception of the Pool. The Pool shall maintain a minimum annual premium of \$350,000 for each fiscal year. The Pool may not extend credit to any Member for the payment of any self-insurance premiums.

5.2 Distributions. If there shall remain any of the total self-insurance premiums received with respect to any Policy Year in excess of the claims paid and losses reserved for the retained liability of the Plan and the administrative expenses incurred by the Plan for such Policy Year, then the Board of Trustees may, subject to any required regulatory approval, declare and distribute such excess to the Members in proportion to their respective direct net written self-insurance premiums paid to the Pool for such Policy Year; provided, however, that no distribution may be made if, after giving it effect, the Plan would be rendered insolvent.

5.3 Assessments. To the extent necessary to prevent the Insolvency of the Pool, the Board of Trustees shall levy assessments against the Members in proportion to their direct net written self-insurance premiums paid to the Pool for the preceding calendar year. If any Member shall refuse or fail to pay any such assessment when due, the remaining Members shall be liable for such Member's assessment on a prorata basis according to the self-insurance premium paid by such Member to the Pool for the preceding Policy Year. Thereafter, the Pool shall use all reasonable means to collect the defaulted assessment and shall credit the other Members for payments on account of the defaulting Members. Upon termination of or expulsion from membership in the Pool, a Member shall remain liable for such Member's share of any assessment levied with respect to any Policy Year, or portion thereof, during which such Member was a member

of the Pool. A terminated or expelled Member shall secure, at the time of termination or expulsion, its unpaid premiums and assessments by pledging to the Pool as collateral for such payment Admitted Assets having a fair market value not less than the total amount of such premiums or assessments, as determined by the Board of Trustees.

## ARTICLE 6

### EXCESS INSURANCE

6.1 Specific Excess Insurance. The Pool shall maintain specific excess insurance for the workers' compensation liabilities of its Members above a retention limit in an amount as set by the Board of Trustees and required by the Division, from time to time.

6.2 Aggregate Excess Insurance. The Pool shall maintain aggregate excess insurance indemnifying the Pool against workers' compensation liabilities of its Members having a retention limit in an amount determined by the Board of Trustees and required by the Division, from time to time.

6.3 Excess Insurer. All specific and aggregate excess workers' compensation insurance policies procured by the Pool shall be issued by an insurer licensed and/or qualified to transact such business in the State of Missouri.

6.4 Single Policy Year and Excess Insurer. All specific and aggregate excess insurance policies concurrently issued and in force to the Pool shall have the same Policy Year and shall be issued by the same insurer.

## ARTICLE 7

### CLAIMS SERVICING

7.1 Claims Services. The Pool shall provide or cause to be provided to the Members, claims services for Pool claims. The Pool shall be responsible for the servicing of all claims attributable to each Member, which are outstanding as of the date of termination of such Member's membership in the Pool, unless such Member agrees to assume such liability and indemnify the Pool, in a manner satisfactory to the Pool.

7.2 Third Party Services. If the Pool elects to contract with a Servicing Company to provide claims services, the Pool shall cause any such contract to satisfy the requirements of all applicable laws, rules and regulations.

## ARTICLE 8

### DISSOLUTION

8.1 Dissolution of Pool. The Pool may be dissolved and the Pooling and Indemnity Agreement terminated at any time by a two-thirds (2/3rd's) affirmative vote of the Members pursuant to a plan of dissolution. The plan of dissolution shall provide that the Pool deliver at least ninety (90) days' prior written notice of the intent to dissolve to the Missouri Director of Insurance. The plan of dissolution shall also provide that each Member remain liable for all outstanding claims liabilities and remain subject to periodic assessment until all claims are fully settled. Dissolution shall not be effective until all the known debts and obligations of the Pool have been fully paid, reserved for or insured, all as certified to by an Actuarial Opinion.

## 8.2 Winding up of Pool.

(a) Upon dissolution of the Pool, the Board of Trustees shall take full account of the Pool's assets and liabilities, and such assets shall be liquidated as promptly as consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient therefor, shall be applied and distributed in the following order of priority: (i) to the satisfaction of all debts and obligations of the Pool to persons other than Members; including claimants as to amounts currently due and payable; (ii) to the setting up of any reserves which are deemed necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Pool, which reserves may be paid over to a bank or an attorney at law, to be held in escrow for the purpose of paying any such contingent or unforeseen liability or obligations and, upon satisfaction of all such obligations, the Pool shall distribute the balance in the manner provided in the following subsections; (iii) to the satisfaction of all advances or loans made by Members to the Pool; and (iv) to the Members in proportion to their respective direct net written self-insurance premiums paid to the Pool for the twelve (12) month period preceding the date of dissolution.

(b) A reasonable time shall be allowed for the orderly liquidation of the assets of the Pool and the discharge of liabilities to creditors of the Pool so as to enable the Board of Trustees to minimize losses and administrative expenses in connection with the liquidation. The Board of Trustees shall furnish each of the Members with a statement prepared by accountants retained by the Pool which shall set forth the assets and liabilities of the Pool as of the date of complete liquidation. Upon the Board of



Trustees' compliance with the foregoing distribution plan, the Members shall cease to be such. Except to the extent that a dissolution may result in return of premiums, no Member shall have any right to demand a return of any of its premium paid to the Pool. Any such return shall be made solely from the assets of the Pool distributed under the terms of this Agreement.

## ARTICLE 9

### INDEMNIFICATION

9.1 Indemnity of Certain Persons. Any person made or threatened to be made a party to any action, suit or proceeding, because such person served on the Board of Trustees, a committee or was an officer or employee of the Pool shall be indemnified against all judgments, fines, amounts paid in settlement, reasonable costs and expenses including attorneys' fees and any other liabilities that may be incurred as a result of such action, suit or proceeding, or threatened action, suit or proceeding, except (i) in relation to matters as to which any person shall be adjudged in such action, suit or proceeding to be liable by reason of willful misconduct in the performance of such person's duties or obligations to the Pool; or, (ii) with respect to any criminal actions or proceedings, except when such person had reasonable cause to believe that such conduct was lawful. Such indemnification shall be provided whether such person is holding office or is employed at the time of such action, suit or proceeding and whether any such liability is incurred prior to the adoption of this Article 9. Such indemnification shall not be exclusive of other rights such person may have and shall pass to the successors, heirs, executors or

administrators of such person. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such person was liable by reason of willful misconduct or that such person had reasonable cause to believe that such conduct was unlawful. If any such action, suit or proceeding is compromised, it must be with approval of the Board of Trustees.

9.2 Determination of Propriety of Indemnification; Payment. In each instance in which a question of indemnification arises, entitlement thereto, pursuant to the conditions set forth in Section 1 of this Article 9, shall be determined by the Board of Trustees which shall also determine the time and manner of payment of such indemnification; provided, however, that a person who or which has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action, suit or proceeding of the character described in Section 1 of this Article 9 shall be entitled to indemnification as authorized in such section. Nothing herein shall be deemed to bind a person who or which the Board of Trustees has determined not to be entitled to indemnification or to preclude such person from asserting the right to such indemnification by legal proceedings. Such indemnification as is herein provided shall be apportioned among all Members in proportion to the premium and assessment of each paid to the Pool for the preceding Policy Year.

9.3 Insurance. The Pool may purchase and maintain insurance on behalf of any person who is or was a Trustee, officer, employee or agent of the Pool against any liability against him or her and incurred by him or her in any such capacity or arising out of

his or her status as such, whether or not the Pool would have the power to indemnify him or her against such liability under the laws of the State of Missouri.

## ARTICLE 10

### CONTRACTS, LOANS, CHECKS, FISCAL YEAR

10.1 Contracts. The Board of Trustees may authorize, subject to the terms of this Pooling Agreement, any Officer to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Pool, and such authority may be general or confined to specific instances.

10.2 Loans. The Board of Trustees shall have the power to borrow money for lawful purposes in the ordinary course of the business of the Pool by advising the Director of Insurance of the nature and purpose of such loan and obtaining the prior approval of the Director. The Board of Trustees shall not extend credit or loan funds to any Member for the payment by such Member of any self-insurance premium or assessment owed under the terms hereof, except pursuant to a payment plan approved by the Director.

10.3 Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Pool shall be signed by an officer or officers of the Pool in such manner as shall from time to time be determined by the resolution of the Board of Trustees.

10.4 Fiscal Year. The Board of Trustees shall set a fiscal year for the Pool, which fiscal year may but does not have to be the calendar year.

Original Date: 1992

Revision Dates: 4/7/09  
12/05/06  
10/1993  
1/1993

## ARTICLE 11

### AMENDMENTS

These Bylaws may be amended upon the affirmative vote of a majority of the Members voting at any annual meeting of the Members or at a special meeting of the Members called to consider the proposed Bylaw amendment.