

Kentucky Employers Safety Association, Inc.
Bylaws

Exhibit D
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Bylaws

Article I

General Provisions

Section 1. PURPOSE. These are the Bylaws of Kentucky Employers Safety Association, Inc. (the "Association"), a Kentucky nonstock, nonprofit corporation, affiliated with, but separate from, KESA, The Kentucky Workers' Compensation Fund (the "Fund"), a Kentucky workers' compensation self-insurance group.

Section 2. OFFICES. The principal office of the Association shall be located at 200 Executive Park, Louisville, Kentucky 40207-4202. The Association may have such other offices within the Commonwealth of Kentucky as the activities of the Association may require from time to time.

Article II

Members

Section 1. MEMBERS. The members of the Association shall be those employers whose applications are accepted by the Board of Directors or by the officers of the Association designated by the Board for reviewing and approving membership applications.

Section 2. MEETINGS OF MEMBERS. The annual meeting of members shall be held each year at the same time and place designated for the annual meeting of members of the Fund. The Board of Directors, or its designee, shall cause written notice of the date, time, and place of the annual meeting of members to be given to all members at least ten (10) but not more than forty (40) days before the date set for the annual meeting.

Section 3. DUES. The Board of Directors shall establish the dues to be paid by members. The schedule of dues may take into account such factors as the number of employees, size, ability to pay, and other factors as directed by the Board.

Section 4. MEMBERSHIP SERVICES. Members in good standing shall be entitled to all privileges of membership and all services provided by the Association.

Article III

Directors

Section 1. GENERAL POWERS AND APPOINTMENT. The activities and business of the Association shall be managed by its Board of Directors and the committees and designees they shall create and appoint from time to time. The Trustees of the Fund, as elected and appointed from time to time, shall always be deemed to have automatically appointed themselves as members of the Board of Directors of the Association.

Section 2. NUMBER, STAGGERED TERMS, TENURE, AND QUALIFICATIONS. The Board of Directors of the Association shall always consist of a number of persons within the range required or allowed in the Kentucky statutes with respect to group self-insurance funds. Such statutes currently require the Board to include at least two (2) persons and no more than twenty (20) persons. The Board is currently composed of seven (7) persons. The number of Directors may be changed within the foregoing limits, or within any other limits established by the Kentucky statutes, by an amendment to these Bylaws. The number of Directors will always equal the number of Trustees on the Fund's Board of Trustees. The seven (7) Directors shall serve staggered terms of three (3) years each, with two (2) such terms expiring in one year, two (2) such terms expiring in the next following year, three (3) such terms expiring in the next following year, and the cycle beginning again in the next following year. The Association's members shall elect at their annual meeting each year either two (2) or three (3) Directors, as the case may be, each to a new term of three (3) years. Each Director shall serve as a Director until the earlier of (i) the expiration of that Director's term and until his or her successor has been elected and qualified, (ii) he or she resigns as provided below, or (iii) he or she is removed by a majority of the other Director's, as provided below. Upon the expiration of any Director's term, that Director shall not be eligible for reelection to the Board of Directors if he or she shall have served six (6) successive years or more as a Director. After being off the Board of Directors for one (1) year, a former Director shall again be eligible for election.

Section 3. VACANCIES. Should a vacancy occur on the Board of Directors before the completion of a term, such vacancy shall be filled at the same time the corresponding vacancy among the Trustees of the Fund is filled by the affirmative vote of a majority of the remaining Trustees.

Section 4. ANNUAL MEETING. The annual meeting of the Board of Directors shall be held without notice other than this bylaw immediately before the annual meeting of members of the Fund to elect officers of the Association for the upcoming year and to address any other business as may properly come before the Board. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

Section 5. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board or the

Association's Executive Director or by a majority of the directors in office to act upon the matters specified in the notice of that special meeting. Any such special meeting shall be held at the principal office of the Association designated in these Bylaws or at any other place agreed to by a majority of the directors.

Section 6. NOTICE. Notice of any special meeting shall be given at least three (3) days prior thereto by written notice delivered personally, by facsimile transmission to the fax number on the books and records of the Association for such Director, by mail to the business address on the books and records of the Association for such Director, or by email to the email address on the books and records of the Association for such Director. If faxed or emailed such notice shall be deemed delivered on the day transmitted. If mailed, such notice shall be deemed to be delivered two (2) days after it is deposited in the United States mail in a sealed envelope so addressed, with first class postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any notice required hereunder shall state the time, place, and the matters to be considered at, the special meeting.

Section 7. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 8. MANNER OF ACTING. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 9. COMPENSATION. No Director shall receive compensation for his services as a Director, but any expenses incurred by any Director by reason of his duties or responsibilities as such may be paid by the Association; provided, that nothing contained herein shall be construed to preclude any director from serving the Association in any other capacity and receiving compensation therefore.

Section 10. COMMITTEES. The Board of Directors shall have authority to establish such committees as it may consider necessary or convenient for the conduct of its business, including without limitation an executive committee, and delegate to such committees any and all powers of the Board of Directors to the greatest extent allowed by the laws of the Commonwealth of Kentucky. The Board of Directors may establish an executive committee in accordance with and subject to the restrictions set out in the statutes of the Commonwealth of Kentucky.

Section 11. INFORMAL ACTION. Any action required or permitted to be taken at a meeting of the

Board of Directors, or any action which may be taken at a meeting of the Board of Directors or of a committee, may be taken without a meeting if a consent, in writing, setting forth the action so taken shall be signed by all of the directors, or all members of the committee, as the case may be, and included in minutes or filed with the Association's records. Such consent shall have the same effect as a unanimous vote.

Article IV

Officers

Section 1. CLASSES. The officers of the Association shall be Chairman of the Board, a Vice Chairman of the Board, an Executive Director, a Secretary, a Treasurer, and such other officers whose titles and duties may be fixed from time to time by the Board of Directors and who may be elected in accordance with the provisions of this article.

Section 2. ELECTION AND TERM OF OFFICE. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. The officers of the Association shall be elected every year by the Board of Directors at the annual meeting. If, for any reason, the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as shall be convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors, subject to the notice requirements of these bylaws.

Section 3. REMOVAL. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors, with or without cause, whenever in its judgment the best interest of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. CHAIRMAN. The Chairman of the Board shall preside over meetings of the Board of Directors, appoint such committees and task forces as are necessary, and perform other duties that usually pertain to the top elective non-staff position in a voluntary association.

Section 6. VICE CHAIRMAN. The Vice Chairman, during the absence or disability of the Chairman, shall perform all of the duties of that office.

Sections 7. EXECUTIVE DIRECTOR. The Executive Director of the Association shall in general supervise and

control all of the day-to-day business and affairs of the Association and shall serve as the chief executive officer of the Association, subject to the direction of the Board of Directors. The Executive Director shall perform all duties appropriate for a chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. SECRETARY. The Secretary, or the Secretary's designee, shall (1) keep the minutes of the members' and the Board of Directors' meetings in one or more books provided for that purpose; (2) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (3) be custodian of the corporate records of the Association; and (4) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Executive Director or by the Board of Directors.

Section 9. TREASURER. The Treasurer, or the Treasurer's designee, shall (1) have charge and custody of and be responsible for all funds and securities of the Association; (2) have authority to receive and give receipts for monies due and payable to the Association from any source whatsoever and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (3) in general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Executive Director or by the Board of Directors.

Article V

Contracts, Loans, Checks, Deposits and Indemnification

Section 1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. LOANS. No loans shall be contracted on behalf of the Association, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. CHECKS, DRAFTS, ORDERS, ETC. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. DEPOSITS. All funds of the Association

not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 5. INDEMNIFICATION. The Association shall indemnify each of the members of the Board of Directors and each of the officers of the Association, and shall hold each of them harmless and advance funds to them for attorneys' fees and otherwise, to the fullest extent allowed by the laws of the Commonwealth of Kentucky, with respect to any claim, demand, lawsuit, or other action against that person arising out of his performance or non-performance of duties for the Association, unless a majority of the members of the Board of Directors (other than such person) shall conclude that such person acted dishonestly or intentionally unlawfully.

Article VI

Books and Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its member and Board of Directors, and shall keep at the principal office a record giving the names and addresses of the directors entitled to vote. All books and records of the Association may be inspected by any director, or his agent or attorney, for any proper purpose at any reasonable time.

Article VII

Fiscal Year

The fiscal year of the Association shall be the calendar year.

Article VIII

Waiver of Notice

Whenever any notice whatever is required to be given under the provisions of these Bylaws, or under the provisions of the articles of incorporation, or under the provisions of the Association laws of the Commonwealth of Kentucky, waiver thereof in writing, signed by the person, or persons, entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article IX

Amendment of Bylaws

These Bylaws may be amended, altered, changed, added to, or repealed by the affirmative vote of a majority of the Board of Directors.