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A PROFESSIONAL SERVICES CORPORATION

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January 8, 2008

Pat Harris
Office Manager
Washington Council of Police & Sheriffs
200 Union Avenue SE
Olympia, WA 98501-1393

Re: Public Safety Employees Insurance, Inc.

Dear Pat:

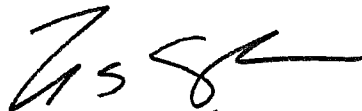
Enclosed is a copy of Amendment No. 1 to the Bylaws of Public Safety Employees Insurance, Inc. I have placed the original Amendment with the original Bylaws in the corporate minute book held at this office.

Also enclosed is an original Notice of Annual Meeting of Shareholders. Since WACOPS is presently the sole shareholder, this provides formal notice of the upcoming shareholders meeting.

Please call me if you have any questions.

Best regards,

McKENZIE ROTHWELL BARLOW & KORPI, P.S.



Les M. Coughran

LMC:lmc
Enclosures

AMENDMENT NO. 1
TO THE
BYLAWS OF
PUBLIC SAFETY EMPLOYEES INSURANCE, INC.

WHEREAS, Public Safety Employees Insurance, Inc. ("PSEI") is a Washington (for profit) corporation; and

WHEREAS, the Bylaws of PSEI permit shareholders to amend the bylaws, at any time, through a majority vote of the shareholders; and

WHEREAS, the Washington Council of Police and Sheriffs ("WACOPS") is presently the sole shareholder of PSEI; and

WHEREAS, the Board of Directors of PSEI has recommended a change to the Bylaws of PSEI to facilitate more effective corporate governance and internal operations; and

WHEREAS, the change requested would permit four (4) directors to constitute a quorum for all matters, except for the declaration of a dividend.

NOW THEREFORE RESOLVED, that

1. A special meeting of shareholders was convened to consider a change to the bylaws of PSEI; and
2. All shareholders of record were present, with WACOPS being represented by its President, Deb Prather; and
3. Any deficiencies in the notice required for such a special meeting were waived by all shareholders, as permitted by RCW 23B.07.060; and
4. The following amendment to the bylaws of PSEI was unanimously approved:

Effective October 5, 2007, Section 2.7 of the bylaws of PSEI is hereby replaced in its entirety, with the following:

SECTION 2.8 – Quorum. Four (4) directors shall constitute a quorum for the regular transaction of business; provided, however, no dividend may be declared at any meeting where fewer than five (5) directors are present. Unless otherwise provided in these bylaws, the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

No other business was presented, so the special meeting was adjourned.

The proposed change to the bylaws was reviewed and recommended by the Board of Directors of Public Safety Employees Insurance, Inc. on October 3, 2007.

Public Safety Employees Insurance, Inc.

By: 

Secretary/Treasurer
Public Safety Insurance, Inc.

The foregoing change to the bylaws was approved and adopted by shareholders on October 5, 2007.

Washington Council of Police and Sheriffs
(sole shareholder of record as of October 5, 2007)

By: 

WACOPS President

Notice of Annual Meeting of Shareholders
of
PUBLIC SAFETY EMPLOYEES INSURANCE, INC.

Dear Shareholder:

Notice is hereby given that the 2008 annual meeting of the shareholders of Public Safety Employees Insurance, Inc., a Washington for-profit corporation, will be held at the Red Lion Olympia Hotel in Olympia, Washington. Such meeting shall be held on February 6, 2008, and begin at approximately 3:30 p.m.

The following business will be transacted at the meeting:

1. Election of Directors; and
2. Such other business as may regularly come before shareholders.

Please note that the enclosed amendment to the PSEI bylaws was formally adopted by unanimous written consent of shareholders. It will be acknowledged and ratified during the annual meeting.



Leslie M. Coughran,

Legal Counsel to
Public Safety Employees Insurance, Inc.