

From: "jeffrey E." <jeevacation@gmail.com>
To: Melanie Spinella <[REDACTED]>
Subject: Fwd: AP Narrows - art insurance
Date: Wed, 20 May 2015 22:45:36 +0000

and you want to know why things seem complicated. . liket he original issue, these are ssimple quesitons that require a 1 minute conversaiton. . why are they talking to you, alan, brad ada heather. silly but your call
----- Forwarded message -----

From: Halperin, Alan S <[REDACTED]>
Date: Wed, May 20, 2015 at 6:26 PM
Subject: Re: AP Narrows - art insurance
To: "[REDACTED]" <[REDACTED]>, "jeevacation@gmail.com" <jeevacation@gmail.com>
Cc: "[REDACTED]" <[REDACTED]>, "[REDACTED]" <[REDACTED]>

Heather, thank you for your clear email and helpful suggestion. Given the circumstances, I think the approach you outline is the best way forward. After all, the GP has a duty to insure the art and the method you outline achieves that result. I recommend that we make the record clear with a GP resolution and a side agreement among the partners setting forth the arrangement and describing the allocation of the expense (and the rationale).

Alan
Alan S. Halperin | Partner
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From: Heather Gray [mailto:[REDACTED]]
Sent: Wednesday, May 20, 2015 11:15 PM
To: Halperin, Alan S; Jeffrey Epstein (jeevacation@gmail.com) <jeevacation@gmail.com>
Cc: Brad Wechsler <[REDACTED]>; Ada Clapp <[REDACTED]>
Subject: AP Narrows - art insurance

Dear Alan and Jeffrey,

I spoke with Jeffrey Haber about arranging for a new fine arts insurance policy for AP Narrows LP. He said that it would be extremely difficult to obtain a new policy for AP Narrows because of capacity issues. There are a number of insurance companies already providing insurance on the Black collection at 760 Park Avenue and none of them, in Jeffrey's opinion, would be willing to take on primary liability for AP Narrows' art.

Jeffrey Haber said that he had a very difficult time finding insurance companies willing to provide coverage to APO1 and APO2 last summer, but he finally convinced Travelers to take on the \$150 million of primary coverage and he brought in five other insurance companies to provide the remaining \$450 million in excess coverage. He does not think that Travelers or any of the other companies in the trusts' insurance "stack" would be willing to be the primary insurer for AP Narrows. There is also a "stack" of insurance companies providing

primary and excess coverage to Leon (some of which also provide part of the trusts' insurance), but, again, Jeffrey does not believe any of these companies would be willing to provide primary coverage for AP Narrows.

Alan, are there alternatives to AP Narrows having its own art insurance that would be acceptable from an estate planning standpoint?

Brad, Ada and I discussed this situation this afternoon. Would it be possible to have the partners agree contractually to each continue to maintain insurance on the works that they are contributing to AP Narrows? AP Narrows would be added as a "Named Insured" on Leon's policy with respect to the art that Leon and Narrows are contributing to the partnership, and as a Named Insured on the trusts' policy with respect to the art that the trusts are contributing to the partnership.

Jeffrey Haber said that he would be willing to write a letter for AP Narrows' records describing his decades of experience in the insurance business and outlining how, in his professional opinion, it would be impractical and almost impossible for AP Narrows to obtain coverage. This seems like it would help substantiate that AP Narrows acted in a commercially reasonable manner by not obtaining its own insurance under the circumstances.

I realize that it is quite late in Europe, Alan, so certainly do not expect you to respond this evening.

Best,

Heather

Heather Gray

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JEE

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