

From: Jeffrey Epstein <jeevacation@gmail.com>

To: Ada Clapp <[REDACTED]>, Eileen Alexanderson <[REDACTED]>
<[REDACTED]>, Richard Joslin <[REDACTED]>

Subject: Re: FW: Art Insurance

Date: Wed, 29 Jan 2014 23:42:30 +0000

I suggest bringing in a brand new insurance co/agent for a competitive bid

On Wed, Jan 29, 2014 at 6:22 PM, Ada Clapp <[REDACTED]> wrote:

Hi Jeffrey and Eileen,

As you can see, Eileen and I focused on the insurance issue shortly after I started with the family office. Below are the details of the conversation I had with Jeffrey Haber and the estimated additional cost of over \$400/year he estimated to have the separate policies. I understand from Rich that you want him to handle all insurance matters going forward so I am leaving him to confirm with you how you wish to proceed. Please let me know if you prefer for me to handle the insurance on the trust owned art.

Best regards,

Ada Clapp

Elysium Management LLC

445 Park Avenue

Suite 1401

New York, New York 10022

[REDACTED]
Email: [REDACTED]

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From: Ada Clapp [mailto:]
Sent: Thursday, May 30, 2013 3:59 PM
To: Eileen Alexanderson
Subject: Art Insurance

HI there,

I had a long talk with Jeffrey Haber. He was a bit reluctant to speak with me since he did not know me and because he said that he already had the conversation with Melanie not too long ago (and he thought with you). Apparently, Melanie did speak with him about breaking out the policies into separate stand alone policies for the trusts. Jeffrey's understanding is that Leon does not want to do this, and Jeffrey advises against it, from a price standpoint.

According to Jeffrey, the largest cost of insurance is in the first \$100 MM of coverage as this is the primary loss payor (other insurance provides don't pay until aggregate claims exceed \$100 MM). As he explained it, the first \$100 MM of insurance costs about \$120k and the next \$100 MM costs only \$55k. The cost for increments of \$100 MM of coverages go down dramatically as you acquire more insurance (makes sense since higher tiered insurers are less likely to have to pay). Jeffrey estimated that it would cost roughly an extra \$360,000/year to provide separate policies of \$100 MM of coverage for each of the two trusts and the LLC (\$120,000 per insured). Since it looks like the 97 trust has more than \$100 MM of art--it would require more than \$100MM of coverage so the added cost could be as much as \$415k/year.

Jeffrey says he will do whatever Leon wants but he advises against the break-out from a cost standpoint. If he were to write separate policies for the Trusts and the LDB 2011 LLC he would do the same type of Umbrella policy that is currently in place (there would simply be 4 separate umbrella policies). We would not need to itemize the art owned by any one insured and the policy in each case would cover any new art acquired at the greater of the appraised value of fair market value at the time of loss (this is the same arrangement currently in place).

Given the large savings for the Trusts, I think that it is a reasonable business decision on the part of the Trustees to continue with the current insurance arrangement. We simply need to continue your practice of allocating the premium payments pro-rata to each insured covered under the umbrella policy (with the Trusts and the LDB 2011 LLC reimbursing Leon for amounts he pays out on their behalf for premium payments).

The Trustees also need to be aware of the dollar limit of the coverage (\$1.6 bil) for ALL that art--which would include new acquisitions--so that they are comfortable that there is adequate insurance to cover their property in the event of large scales loss (very unlikely). In that regard, they should also keep track of the value pieces situated outside of Manhattan--as the insurance cap for those works \$300 MM (i.e., the worldwide coverage limitation).

I will confirm with Jeffrey that the Endorsement lists the insured correctly. As we discussed, you will confirm that title to any art held in the Leon D. Black Investment Trust A (now terminated) was correctly changed.

Ada Clapp

Black Family Partners
c/o Apollo Management
9 W 57th Street
New York NY 10019

email: [REDACTED]

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Jeffrey Epstein

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