

MARSH JLT SPECIALTY



Aircraft Finance Insurance
Consortium (AFIC)
Non-Payment Insurance



The AFIC Offering

Flexible, Reliable Supported Financing Platform

Developed in cooperation with Boeing and actively marketed to airlines and leasing companies.

AFIC provides insurance supported aircraft financing for new, or nearly new, Boeing and Embraer aircraft.

Commercial insurance with flexibility to adapt to transactional imperatives and ability to move quickly.



AFIC insurers assume the airline's or leasing company's credit risk as well as the residual value, jurisdictional, and structural risks of the transaction.

Aircraft Non-Payment Insurance ("ANPI") policy provides capital relief under the Basel framework as implemented in Europe and the US.**

Experienced team has executed transactions supporting over \$5 billion in financing of over 60 aircraft for a variety of aircraft types, jurisdictions, and structures since launch in 2017.

*Legal opinions immediately available on non-reliance basis.

**Marsh is the exclusive broker of ANPI, which is part of a broad suite of credit insurance solutions.

How it Works



AFIC team sources potential transactions:

- Direct outreach to airlines, and leasing companies.
- Through Boeing and Embraer.
- Lenders are encouraged to pitch potential opportunities.



Underwriting is completed by AFIC insurers.



All parties in the transaction, including the AFIC insurers, participate in the documentation process.



Cost of the AFIC premium:

- Borne by the airline or leasing company.
- Paid in full on closing date.
- Can be included in the financing.



Cover commences when premium is paid in full at closing.



In the event of a failure to pay, the lender submits a proof of loss and the AFIC insurers pay 100% of the missed installment.

Insurers continue to make all scheduled payments until all outstanding principal is repaid.*

*Please see full terms and conditions of the applicable policy.

ANPI Policy Protection for Lenders



No risk of policy cancellation or withheld claim payment due to obligor misrepresentation or omission.



No lender warranties or conditions precedent to coverage under the policy.



Insurers cannot cancel the policy for any reason.



In the case of an insurer's default, the lender can step into the rights of that insurer under the operative documents.

AFIC Opportunities

Pipeline of Potential Transactions, Additional Lending Solution

AFIC provides a pipeline of transactions for prospective lenders and works with lenders to structure financing solutions for transactions with lenders' existing clients.



Experienced aviation finance lenders

- Offer more funding for existing customers for which a lender may have lending/exposure limits.
- Invest in a wider range of airlines including those located in jurisdictions where a lender may have jurisdictional constraints.
- Invest in a wider range of types of aircraft.



Lenders who have less experience with aviation finance

- Opportunity to fund aircraft financing transactions and gain experience with the issues, structures, and documentation; while taking on insurance company credit risk.



Institutional and capital market investors

- AFIC is suitable for investors who are looking for an A+ rated amortizing investment with a 10- to 12-year tenor (or, in special circumstances, longer).

Lender's Role in the AFIC Transaction

Request For Proposal/Mandate

- Airline/leasing company request terms; the AFIC insurers issue an AFIC term sheet to the airline/leasing company.
- Airline/leasing company solicits funding proposals from funding institutions based on AFIC term sheet.
- **The lender responds to airline/leasing company RFP with funding proposal.**

Transaction Documentation and Closing

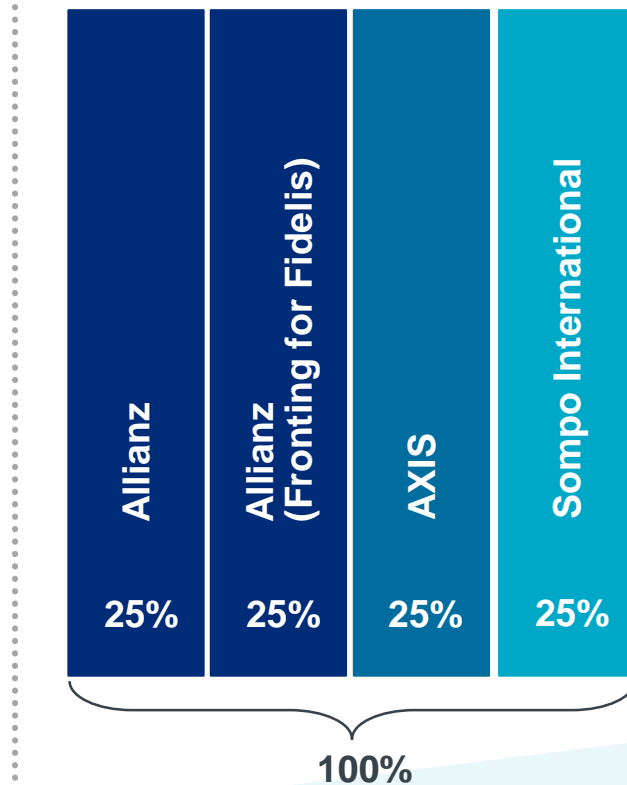
- AFIC insurers' counsel takes the lead in drafting documents and coordinating the closing.
- Marsh's AFIC Credit Specialties team will intermediate the negotiation and agreement of the ANPI policy between the lender and the AFIC insurers.
- **At closing, the lender disburses the loan to the manufacturer, and where financed, the AFIC premium to Marsh.**

Post Closing

- **The lender (or loan agent) provides notices under the policy, such as notice of a missed scheduled payment.**
- Airline/leasing company requests for amendments or waivers require consent from the AFIC insurers.
- In an event of default, the AFIC insurers negotiate with obligor and/or instruct security trustee with respect to the exercise of remedies.

Current AFIC Insurance Panel

- Three direct insurer counterparties.
- Each direct insurer participates on a several basis.
- Insurer entities will sometimes vary to meet the insurance licensing requirements of jurisdictions involved.



Preferred Insurer Legal Entities:

Allianz (S&P: AA)

- Allianz Global Corporate & Specialty SE (London) (AA).

AXIS (S&P: A+)

- AXIS Specialty Europe SE (Ireland).

Sompo International (S&P: A+)

- SI Insurance (Europe) SA (Luxembourg).
- Endurance Worldwide Insurance Limited (UK).

Ratings as of October 2020.

Flexible Terms

AFIC Can Support a Variety of Transaction Profiles

Fixed or floating interest rates, which can be charged on a monthly, quarterly, or semi-annual basis.



A number of widely traded currencies.

Straight-line, mortgage-style, and other sculptured amortization profiles.

Many transaction structures (such as finance lease, operating lease, “double finance lease”, Japanese Operating Lease with Call Option (JOLCO), Japanese Operating Lease (JOL), French/Italian or other optimized lease).

AFIC Transactions



Airlines/Lessors

Intrepid Aviation	Korean Air Lines
Norwegian Air Shuttle	FlyDubai
Fly Leasing	El Al Israel Airlines
Smartwings	Turkish Airlines
Ethiopian Airlines	Royal Air Maroc
Pegasus Airlines	Air Tahiti Nui



Types of Aircraft

737-800	737 MAX-8	737 MAX-9
747-8i	747-8F	787-8
787-9	777F	777-300ER



Funders/Arrangers

ING Capital LLC	Sumitomo Mitsui Banking Corporation	Greensill Capital
Société Générale S.A.	Crédit Agricole Corporate and Investment Bank	CaixaBank S.A.
BNP Paribas	Unicredit Bank Czech Republic and Slovakia a.s.	Apple Bank for Savings
KfW IPEX-Bank	Raiffeisen Bank	Bank of China
Credit Suisse	Development Bank of Japan	Česká spořitelna
Komerční banka	Standard Chartered Bank	Carlyle Aviation Securities Partners
Crédit Industriel et Commercial	Agence Française de Développement	Natixis

Industry Recognition

AFIC Has Been Honoured With Many Awards Including:



Global Transport Finance

2018 AFIC Deal of the Year for Africa.

2018 AFIC French Lease Deal of the Year.



Airfinance Journal

2019 Guaranteed Financing Deal of the Year.

2018 Middle East and Africa Deal of the Year.

2018 Structured Lease Deal of the Year.



Airline Economics

2019 Supported Finance Deal of the Year.

2019 Asia Pacific Supported Finance Deal of the Year.

2019 Middle East & Africa Editor's Deal of the Year.

2018 Middle East and Africa Deal of the Year.

Marsh's AFIC Team

AFIC Advisory and Operations Team

- Experienced aircraft financing experts who provide services to, and act on behalf of, AFIC insurers.
- Ask us about the pipeline of potential AFIC transactions.



Bob Morin, Managing Director

D +1 202 263 7814 M +1 202 341 7653
robert.morin@marsh.com



Gabriel Okolski, Senior Vice President

D +1 202 263 6702 M +1 202 320 9193
gabriel.okolski@marsh.com



Kevin Kertesz, Senior Vice President

D +1 202 263 7834 M +1 202 826 9026
kevin.kertesz@marsh.com



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AFIC Credit Specialties Team

- Experienced insurance experts who act as brokers and insurance advisers to AFIC lenders.
- Ask us about policy terms and on-boarding AFIC.



Leslie Kurshan, Managing Director*

D +44 207 357 1365 M +44 7711 664049
leslie.kurshan@marsh.com



Karen Ko, Vice President*

D +44 207 357 3916 M +44 7392 122109
karen.ko@marsh.com



Salome Santos, Vice President

D +44 207 357 2147 M +44 7468 470804
salome.santos@marsh.com



Rory Skinner, Graduate

D +44 207 357 3924 M +44 7527 618338
rory.skinner@marsh.com



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