

# Aircraft Finance Insurance Consortium (AFIC)

Pillsbury's award-winning Asset Finance team is widely recognized as an industry leader on the forefront of innovative aircraft financing transactions.

## What is AFIC?

The Aircraft Finance Insurance Consortium (AFIC) aircraft non-payment insurance (ANPI) product was developed by Marsh (in cooperation with Boeing) to provide an alternative source of funding for new aircraft purchases in the absence of readily available export credit agency (ECA) support. The structure and transaction documentation for an AFIC transaction is comparable to an ECA financing—in particular a US Ex-Im transaction—with the ANPI policy (underwritten by global insurance companies) taking the place of the guarantee common in such transactions. A typical AFIC deal is structured as a lease financing transaction, using a bankruptcy-remote special purpose entity, with funding being provided by financial institutions who in turn rely on the ANPI policy for coverage. The collateral package is similar to that found in an ECA/US Ex-Im deal.

## Why do I need it?

AFIC offers airlines and financiers a flexible, long-term financing solution that can support a variety of transaction structure, jurisdictional, currency and interest rate options. Most importantly, the AFIC product allows financiers to offer financing terms that are more favorable than what would be available without ANPI cover. While still relatively new to the market, AFIC's ANPI product is managed by a very experienced team, thus posing little execution risk.

## Why use Pillsbury?

Pillsbury's reputation as a leader in the ECA field is broad and long-standing. We have repeatedly been voted Export Credit Agency Law Firm of the Year and Best Trade Finance

Law firm in North America by *Trade Finance* magazine. Our team's extensive experience with ECA financings has paved the way for us to become front-runners in the AFIC field. We have experience representing multiple airline clients in seven distinct AFIC financings, involving assets with a value in excess of US \$1 billion. We are deeply familiar with the intricacies of the AFIC product, having worked across a variety of structures and deal teams. Our work on these transactions has already been recognized—our team was awarded the 2018 *Airfinance Journal's* Tax Lease Deal of the Year: Turkish Airlines AFIC/French Lease financing.

At Pillsbury, we have a passion for helping airlines efficiently generate lift. Contact us to discuss how to utilize AFIC, and other innovative financing structures, to lower your cost of funds.

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