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AIRCRAFT INSURANCE REQUIREMENTS – PART 91 USE

Standard Requirements:

- **Insurance Company** must be **rated "A-" or better by A.M. Best**
- **Lienholder** with **Loss Payee** endorsement:
    - **USAlliance Federal Credit Union ISAOA/ATIMA**
    - **PO Box 150**
    - **Northville, NY 12134**
- **30 Day Notice of Cancellation** is required (10 Day Notice for non-payment).
- **Coverage** must be effective on or before the date of funding .
- **Evidence of Insurance** must be a binder (ACORD 21 Certificate of Aircraft Insurance is preferred) or a standard Certificate of Insurance; policy must be a "Personal & Business" policy, a "Commercial Use" policy will not be accepted; additionally, insurance applications and quotes are not acceptable for proof of coverage.

Coverages:

- **Physical Damage** coverage is required for an **Agreed Value**; the Agreed Value should be the greater than or equal to the loan amount; **Actual Cash Value (ACV)** coverage is not acceptable
- **Deductibles** may not exceed 2% (In-Motion and Not In-Motion) of the Agreed Value, with the following exceptions:
    - Policies in the state of Alaska – maximum 5%
    - Amphibious aircraft or seaplanes – maximum 5%
    - Agreed Value </= $125,000 – maximum $2,500

  All other exceptions shall be considered on a case-by-case basis, at the sole discretion of USA Specialty Lending, upon written confirmation from the insurance agent or company that the requirements cannot be met and the reason(s) (e.g. pilot hours, type of aircraft (seaplane, retractable landing gear, etc.), experience in aircraft type or classification, etc.)
- **Breach of Warranty coverage** in favor of USAlliance Federal Credit Union covering the loan amount (all loans, regardless of size); Lienholder Endorsement must accompany form **ACORD 21** or **Certificate of Insurance**
- **Liability Coverage** is required as per state statute
- **Named Insured** must cover the following parties, as applicable:
    - **All aircraft owners and all Borrowers**; if title is held by an SPE, the SPE must be a Named Insured or an Additional Insured, as applicable; aircraft owners must be a Borrower unless approved in writing by USA Specialty Lending.
    - **Related parties to a dry lease**, subject to approval by USA Specialty Lending.
    - **Any Aircraft Management Company** that will be maintaining the aircraft and/or providing pilot and/or crew services; a copy of the management agreement is required and an assignment in favor of USAlliance FCU may be taken; charter operations, sub-leasing and third-party leasing is not permitted.
    - **Short-term lease-back to the manufacturer**, subject to approval by USA Specialty Lending; a copy of the lease agreement is required and an assignment in favor of USAlliance FCU may be taken.
    - **Flight School or Flight Club** will be the Named Insured with the borrower/grantor listed as owner/lessor and additional insured/loss payee.
- **Named Pilots** other than the Borrower are subject to review and approval by USA Specialty Lending; Named Pilots may include pilots or CFI's providing flight instruction and/or pilot services to the Borrower, as appropriate.