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WHITE PAPER

An Import and Distribution Owner Opens a Second Warehouse She Had Been Putting Off

By **PGicover Editorial** · September 2026 · 7 min read

SUMMARY

- Priya Raman runs a consumer goods import and distribution business in Mississauga, Ontario, sourcing from Asia and selling to Canadian retailers.
- An inventory loan and a Canada Small Business Financing Program loan both carried her personal guarantee, standard for a business her size.
- Rising landed costs and retailers paying slowly put real pressure on cash flow, even in months when sales were strong.
- Her accountant was the one who first told her personal guarantee insurance existed, which fits how these decisions usually get made.
- The business now pays for the policy monthly, and Priya used the breathing room it gave her to open a second warehouse she had been putting off.

The business

Priya Raman is 39 and runs an import and distribution business out of Mississauga, Ontario. The company sources consumer goods from manufacturers in Asia and sells to Canadian retailers, mostly mid-sized regional chains and independent stores. She employs 11 people, most of them in warehousing, logistics and account management.

The business model depends on buying inventory well ahead of when it sells. Priya places orders months before goods land, pays for shipping and duties on arrival, and then waits for retailers to sell the product and pay their invoices, often on 60 or 90 day terms. That gap between paying for inventory and collecting from customers is where most of the company's financing need sits.

To fund it, Priya carries an inventory loan tied to purchase cycles and a Canada Small Business Financing Program loan that helped her expand into a second product category two years ago. The 2026 research on Canada Small Business Financing Program lending found average loan sizes of roughly $294,000, and loans under the program generally require a personal guarantee. Both of Priya's facilities do.

The guarantee

Priya signed the guarantee on the inventory loan first, then again on the CSBF loan when it closed. She was not surprised the bank asked. What surprised her, looking back, was how little time she spent on the clause itself. The 2026 research found that 74 percent of founders had signed a personal guarantee, and 51 percent said they felt low confidence going into the signature, uncertain exactly what they were agreeing to even as they signed it. A quarter, 25 percent, said no one explained the guarantee to them before they signed. Priya's experience was closer to that last group. Her loan officer mentioned the guarantee in passing during a longer conversation about rates and terms, and she moved on without asking many follow-up questions.

> *It is the line between a bad year for the company and a bad decade for my family.*

What kept them up at night

The pressure on Priya's business rarely showed up as one bad month. It showed up as a slow squeeze. Landed costs on shipments from Asia crept up over successive purchase orders, sometimes for reasons tied to shipping capacity, sometimes for reasons tied to input costs at the factory level. At the same time, several of her larger retail accounts started stretching payment terms past what the invoice called for, which meant cash that should have arrived on schedule showed up weeks late.

None of this threatened to sink the business on its own. Priya had built enough of a track record with her bank and her suppliers to manage through it. But the inventory loan and the CSBF loan both sat behind her personally, and every slow-paying retailer felt less like an accounts receivable problem and more like a countdown clock on her own finances if a bad stretch ever got worse than she expected.

How they found out

Priya found out about Personal Guarantee Insurance from her accountant, during a year-end planning meeting where they were reviewing the business's debt load together. That path lines up with the trust data from the 2026 research: when founders were asked which sources they trust most on questions like this, lawyers came first at 27 percent and accountants were close behind at 24 percent, well ahead of lenders or online sources. Her accountant raised it as one option among several for managing personal financial risk tied to the business, not as a sales pitch, and Priya asked to see the details for herself.

Sixty-one percent of founders in the same research said a product like this would make them more willing to take on debt for the business in the first place. Priya did not need the insurance to decide to take on debt, since both loans were already in place. What it changed was how she felt about the debt she already carried, and about taking on more if a good opportunity came along.

74%	51%	25%
of founders had signed a personal guarantee	felt low confidence going into the signature	said no one explained the guarantee before they signed

Source: PGicover and Venture for Canada research, 2026.

What the policy does, and does not do

WHAT THE POLICY DOES

- Reimburses the director for part of what they pay under a called guarantee, up to the policy limit.
- Pays after the company's formal insolvency process has concluded.
- Applies while the policy is active and premiums are paid.
- Pays the director, never the lender.
- Leaves the loan and the guarantee exactly as signed.
- Covers guarantees of $50,000 or more for private Canadian companies outside Quebec.

WHAT THE POLICY DOES NOT DO

- Cover the whole guaranteed amount.
- Pay at the first demand, or before the insolvency process ends.
- Cover a guarantee reported after the policy has lapsed.
- Pay the lender or change the lender's rights.
- Remove the guarantee or stop a business from failing.
- Apply in Quebec.

The decision

Priya reviewed the policy terms with her accountant before deciding to proceed, checking that both the inventory loan guarantee and the CSBF loan guarantee qualified for cover. The business pays the premium monthly, treated as a routine operating cost rather than a one-time expense, and the payment comes from company funds, not Priya's personal account.

> *The first month I did not think about the guarantee once.*

Eighteen months later

A year and a half after taking out the policy, Priya made a decision she had been putting off for two years: opening a second warehouse to serve a growing customer base in eastern Ontario. Landed costs and slow-paying retailers are still part of running the business, and she does not expect either pressure to disappear. What changed is how much room she has to make decisions under that pressure. She describes the insurance as the line between a bad year for the company and a bad decade for her family. She also says, simply, that she sleeps better, and that the first month after the policy started she did not think about the guarantee once.

> *My accountant was the one who first told me this existed.*

For business owners

- A personal guarantee on an inventory or working capital loan is standard practice, not a sign your lender doubts the business.
- Ask your accountant or lawyer to walk through the guarantee clause with you before you sign, not after. The 2026 research found a quarter of founders had nobody explain it to them at all.
- Reducing personal exposure on a guarantee you already carry does not require reopening the loan conversation with your lender.

For advisors, brokers and lenders

- Fifty-eight percent of advisors in the 2026 research say personal guarantees come up frequently with their clients, and 56 percent say they always or usually discuss the risk directly.
- Twenty-eight percent of advisors say their clients understand the guarantee poorly or not at all, and another 54 percent say only somewhat. That leaves most clients under-informed at the point they need clarity most.
- Eighty-eight percent of advisors surveyed said they would explore an insurance option for clients facing a personal guarantee, which suggests the conversation is already welcome, not something that needs to be forced.

Where to start

Before you sign any guarantee, the checklist at questions to ask before you close is worth reading first.

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This paper describes a hypothetical case. Names, businesses and figures are illustrative.