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WHITE PAPER

A Metal Fabrication Owner Stops Betting the House on Every US Order

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

SUMMARY

- Daniel Okafor runs a metal fabrication shop in Calgary, Alberta, supplying oil and gas service firms and a growing number of US customers.
- A $650,000 equipment loan and an operating line both carried his personal guarantee, standard practice for a lender in his position.
- Rising steel costs and uncertainty over what his US customers would pay for finished orders kept him awake through most of a difficult quarter.
- His wife Amara reread the guarantee clause during a home refinancing and pushed him to look at ways to manage the personal exposure.
- The business now pays for Personal Guarantee Insurance monthly through a premium finance arrangement, and Daniel says he sleeps better and takes on export orders with a clearer head.

The business

Daniel Okafor is 44 and has run his metal fabrication shop in Calgary for just over a decade. The shop employs 18 people and builds structural and pressure components for oil and gas service companies across Alberta. In the last two years, a growing share of the order book has come from customers south of the border, drawn by his shop's capacity and turnaround time.

That growth came with a heavier balance sheet. A $650,000 equipment loan financed a new CNC plasma line and welding cell needed to keep pace with larger orders, and the shop also carries an operating line to smooth out payroll and material purchases between invoices. Both facilities are with a Canadian chartered bank that has worked with the shop since it opened.

The guarantee

Both the equipment loan and the operating line are personally guaranteed by Daniel. This is not unusual. In the PGicover and Venture for Canada research from 2026, every lender surveyed said they require a personal guarantee at least sometimes, and 82 percent said they require one always or often. When lenders were asked why, the most common reason was limited collateral, cited by 27 percent, which fits a manufacturing business where the equipment itself depreciates quickly and the real value sits in relationships and order flow rather than assets a bank can easily seize.

Daniel signed the guarantee documents at the same table where he signed the loan agreement, the way most founders do. The 2026 research found that 74 percent of founders had signed a personal guarantee of some kind, and 60 percent said they did not clearly understand the guarantee clause at the time. Daniel was in that second group. He understood, in general terms, that the bank could come after his personal assets if the business defaulted. He did not spend much time thinking about what that meant in practice until a few years later.

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

What kept them up at night

The pressure did not come from a single event. It built up over a stretch of quarters where steel input costs moved in ways that were hard to plan around, and where Daniel could not always be sure what his US customers would be willing to pay once their own costs and orders shifted. Some months the shop's margins held. Other months they were thinner than he liked, and he found himself doing the math on the equipment loan balance against the shop's cash position more often than he wanted to.

He was not worried about the business failing outright. The order book was steady and the shop had weathered slow stretches before. What weighed on him was different: the sense that a bad run of months, if it happened at the wrong time, could reach past the business and into his and Amara's own finances, because of the guarantee sitting behind both facilities. Every large US order started to feel like something he was signing twice, once for the business and once, in the back of his mind, for the house.

How they found out

Daniel did not go looking for a solution to a problem he could name. He found out about Personal Guarantee Insurance because Amara, refinancing their home, sat down and read the original loan guarantee clause properly for the first time, the way a lawyer or an accountant might read a document a business owner tends to skim. She asked Daniel what would happen if the shop could not pay, in plain terms, and did not love his answer.

That pattern matches what the 2026 research found broadly. Sixty-one percent of founders said they were not aware personal guarantee insurance exists at all, and 89 percent said they were interested in ways to reduce their personal risk once the idea was explained to them. Daniel was firmly in that second group. Once he understood what the product actually did, and did not do, he moved quickly.

74%	60%	61%
of founders had signed a personal guarantee	did not clearly understand the guarantee clause	were not aware personal guarantee insurance exists

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

Amara was the one who pushed the conversation forward, but Daniel made the final call after reviewing the policy terms himself and confirming the guarantee amounts on the equipment loan and operating line both qualified. The shop pays for the coverage monthly, through a premium finance arrangement set up as a direct debit, so the cost sits alongside other regular business expenses rather than landing as one large payment. The business, not Daniel personally, pays the premium.

> *I stopped treating every US order as a bet with the house.*

Eighteen months later

A year and a half on, the equipment loan balance has come down and the shop has added two more US accounts. Steel costs and customer pricing still move around more than Daniel would like, and he does not expect that to change. What has changed is how he carries it. Daniel puts it this way: the first month I did not think about the guarantee once. He has kept that pattern up since. He says he stopped treating every US order as a bet with the house, and that the difference shows up less in any single decision and more in how much room he has to think clearly when a customer negotiation gets tense.

> *Amara read the clause the way a lawyer would, line by line.*

For business owners

- A personal guarantee is common, not a red flag on your lender's part. Understanding exactly what you signed matters more than being surprised by it later.
- If a family member or advisor asks to see the guarantee clause, treat that as useful, not intrusive. A second set of eyes catches what a busy owner skims past.
- Reducing personal exposure is a decision you can make independently of your lender relationship. It does not require renegotiating the loan.

For advisors, brokers and lenders

- The 2026 research found lenders see borrower concern about personal guarantees often or very often in 64 percent of cases, yet only 9 percent of lenders think borrowers understand the guarantee very well. That gap is where advisors add value.
- Ninety-six percent of lenders surveyed said borrower education on personal guarantees would help their own process, and 68 percent said they want more information about personal guarantee insurance themselves.
- Raising the topic early, before a loan closes, gives a business owner time to make an informed decision rather than a rushed one at the signing table.

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.