PGicover For angel investors



PERSONAL GUARANTEE INSURANCE

Back a Founder Without Writing the Whole Cheque

Many young founders can qualify for a business loan but stall at the personal guarantee. An experienced investor can sometimes stand behind that guarantee, and insure part of it, instead of funding the whole business with cash.

The problem

A founder with a strong plan but few assets and a short credit history applies for a loan. The lender asks for a personal guarantee, a promise to repay the loan personally if the company cannot. For that founder, one requirement can end the conversation.

The usual answer is equity: the angel writes the cheque, the capital is tied up in one company, and the founder gives up ownership.

A second option

If the founder qualifies for the loan but needs a guarantor, an experienced investor who joins the company as a director can sometimes provide the guarantee. Personal Guarantee Insurance can then pay the guarantor a share of the final amount the lender demands if the guarantee is ever enforced, subject to policy terms.

Your balance sheet does the work. Your cash stays available.

How it could work

1. THE PLAN
A founder needs $100,000 for equipment, inventory, staff or growth.

2. THE LOAN
They apply to a lender, which asks for a personal guarantee.

3. THE GUARANTEE
You join as a director, provide the guarantee, and insure it.

4. THE RESULT
The founder gets the capital. You have not written a $100,000 cheque.

A possible win for both sides

For the founder

- Access to business financing and more capital to grow
- More ownership kept, and a chance to build credit history
- A loan to repay, which keeps the focus on revenue and profit

For the angel

- A more efficient use of available capital
- Room for other startups, property, or a diversified portfolio
- A way to support a founder without funding everything directly

What to know before you sign

- **Cover is for directors** of the borrowing company who signed the guarantee, and it ends if you stop being a director. If you are not a director, ask before assuming you qualify.
- **It is partial.** The policy pays a share of the final amount the lender demands, up to the limit, less your own contribution. You keep part of the risk.
- **It is not a fast pay.** It pays after the company's insolvency process has concluded and the lender has made its final settlement request.
- **It must be active.** Cover is claims-made: a claim counts only if it is made and reported while the policy is in force and premiums are paid.
- **It pays you, not the lender,** and it does not stop a business from failing. It limits what that failure costs you personally.

Support entrepreneurs. Preserve capital. Stay flexible.

Apply: app.pgicover.com
Read the full guide: pgicover.com/blog

Who it is for: directors of private companies in Canada, outside Quebec, on guarantees from $50,000 to $1,000,000.

Contact: pgicover.com/contact
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Providing a personal guarantee involves real financial risk, and more leverage means more exposure. Do your own due diligence on the founder and the business. Personal Guarantee Insurance is subject to eligibility, underwriting, policy terms, conditions and exclusions, and is underwritten by a regulated insurer. This page is general information, not legal, financial, investment, lending or insurance advice.