



CASE STUDY

How Human Credit Analysis Changed a Risk Decision

Executive Snapshot

- \$2.9M federal tax lien identified
- Risk not reflected in automated tools
- Buyer remained within insured limits
- Client adjusted exposure strategy proactively



→ Purpose

This case study illustrates how ProfitGuard (PG) complements trade credit insurance by uncovering known credit risk through human-led analysis, insight that may not be reflected in policy limits or surface-level credit signals.

→ Situation

A PG client was actively selling to a key buyer covered by trade credit insurance. The buyer operated within approved policy limits, had no reported payment delinquencies, and appeared acceptable based on standard credit indicators. From an insurance perspective, the risk was insurable and capacity was available.

The client engaged PG to provide independent credit analysis alongside its insurance program, with the objective of better aligning day-to-day credit decisions with the buyer's true risk profile, not just insured capacity.



→ What PG Found

During a routine review, a PG analyst conducted a public-records and credit assessment of the buyer. This review uncovered an unresolved federal tax lien filed January 2025 in the amount of \$2.9 million.

Although the lien was publicly available, it was not surfaced by automated credit tools or reflected in insurance limits, and PG's analyst determined that it materially increased the buyer's credit risk.

A federal tax lien is especially relevant to trade creditors because the IRS holds priority over unsecured claims, increasing potential loss severity regardless of insured status.

→ Insight Shared with the Client

PG did not recommend canceling insurance coverage or halting sales. Instead, the analyst reframed the risk discussion. Credit insurance remained an important protection against unknown outcomes. The newly identified lien represented known risk that warranted tighter internal controls.

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→ Client Action

Armed with this insight, the credit team adjusted how it managed the account. The client internally flagged the buyer as higher risk despite active insurance coverage, reduced exposure while remaining within insured limits, increased monitoring for legal or tax-related developments, and avoided overreliance on insurance limits that no longer reflected the full risk profile.

→ Why This Matters

Trade credit insurance and ProfitGuard serve different but complementary roles in receivables risk management. Credit insurance transfers a portion of loss risk after a default occurs. ProfitGuard helps credit teams navigate known risk before losses happen through human analysis.

Underwriters evaluate and price risk within an insurance framework, while credit professionals manage exposure within their organizations. Using both tools together improves alignment between insurable risk and internal credit decisions.

→ Key Takeaway

Not all insured receivables carry the same risk. Human-led credit analysis surfaces relevant information earlier, enabling credit teams to make more informed and disciplined decisions.