



It's Been a Bad Week For.....

## Description

**Intact Financial** ([TSX:IFC](#)) is down 3.7% over the past five days, with the bulk of the decline occurring on Wednesday. Intact shares reacted to a Toronto Star report that indicated the Ontario Liberal party was aligning itself with the NDP in pushing for a 15% cut to auto insurance premiums.

RBC Capital Markets estimates that the Ontario P&C insurance industry carries a combined ratio greater than 100%, meaning that industry wide insurance operations are not profitable. Cutting premiums by 15% would drive the industry even further into money losing territory. This could impact the industry's ability to offer insurance policies, a negative side effect that the government is likely to avoid.

If a rate cut is in the cards, it's likely that measures will be taken by the provincial government to help reduce the fraudulent claims that plague the industry and dramatically increase insurance company expenses. If a rate cut is coupled with a reduction in expenses, the likes of Intact are unlikely to face a material impact. The apparent uncertainty however that the article raised caused a short-term set-back for the stock.

## The Foolish Bottom Line

Intact is Canada's only publicly traded pure-play P&C insurer and therefore felt the brunt of the Toronto Star article. Given the company's financial strength and diversified model, you can bet that other insurance players would be far more impacted by a stand-alone premium cut. Intact dominates the Canadian P&C industry and offers investors growth potential with a friendly 2.8% yield.

If you think Intact Financial is a great dividend stock, you need to [click here](#) to receive our special report titled "13 High-Yielding Stocks to Buy Today". This report is absolutely FREE and will have you rolling in dividend cheques before you know it. You are just [one click](#) away from dividend nirvana!

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*Fool contributor Iain Butler does not own shares in any of the companies mentioned in this report at this time. The Motley Fool has no positions in the stocks mentioned above.*

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. TSX:IFC (Intact Financial Corporation)

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1. Investing

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