



## 2 Great Insurance Stocks to Buy for Dividend Growth

### Description

Investing in dividend-growth stocks is one of the most powerful methods to build wealth over the long term. With this in mind, let's take a look at two high-quality insurance stocks with dividend yields up to 3.5% and active streaks of annual increases, so you can determine which would fit best in your portfolio today.

#### **Industrial Alliance Insurance and Financial Services Inc.**

**Industrial Alliance Insur. & Fin. Ser.** ([TSX:IAG](#)) is one of Canada's leading providers of financial products and services, including life and health insurance, auto and home insurance, mortgages and car loans, and savings and retirement plans.

Industrial Alliance currently pays a quarterly dividend of \$0.35 per share, equal to \$1.40 per share on an annualized basis, which gives it a yield of about 2.8% at today's levels.

A 2.8% yield may not peak your interest at first, but what we care about more is dividend growth, and Industrial Alliance has shown a dedication to delivering just that. It has raised its annual dividend payment each of the last three years, and its 9.4% hike in February has it positioned for 2017 to mark the fourth consecutive year with an increase.

I think Industrial Alliance will continue to grow its dividend in 2018 and beyond as well. It has a target dividend-payout range of 25-35% of its net income attributable to common shareholders, so I think its ongoing double-digit percentage growth, including its 47.4% year-over-year increase to \$537.2 million in 2016, and its 12.2% year-over-year increase to \$110.3 million in the first quarter of 2017, and its continued growth of assets under management and administration that will help drive future earnings growth, including its 10.6% year-over-year increase to \$130.18 billion in the first quarter of 2017, will allow its streak of annual dividend increases to continue into the 2020s.

#### **Manulife Financial Corp.**

**Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) is one of the world's largest financial services groups, operating as John Hancock in the United States and Manulife elsewhere. It provides financial

advice, insurance products, and wealth and asset management solutions to over 22 million clients in Canada, the U.S., and around the world.

Manulife currently pays a quarterly dividend of \$0.205 per share, representing \$0.82 per share on an annualized basis, and this gives its stock a yield of about 3.5% today.

Like Industrial Alliance, Manulife has shown a strong dedication to growing its dividend. It has raised its annual dividend payment for three consecutive years, and its 10.8% hike in February has it set up for 2017 to mark the fourth consecutive year with an increase.

I think Manulife is the industry's top pick for dividend growth going forward. I think its very strong financial performance, including its 34.7% year-over-year increase in common shareholders' net income to \$2.8 billion in 2016, and its 28.8% year-over-year increase to \$1.31 billion in the first quarter of 2017, and its ongoing growth of assets under management and administration that will fuel future net income growth, including its 11.2% year-over-year increase to a record \$1.01 trillion in the first quarter of 2017, will allow its streak of annual dividend increases to continue for the foreseeable future.

### **Which of these top insurance stocks belongs in your portfolio?**

I think Industrial Alliance and Manulife are two of the best investment options for dividend-growth investors in the insurance industry. All Foolish investors should take a closer look at each and strongly consider initiating a position in one of them today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:IAG (iA Financial Corporation Inc.)
3. TSX:MFC (Manulife Financial Corporation)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
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### **Date**

2025/08/24

### **Date Created**

2017/06/08

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