
# Keep Your Portfolio Intact as Rates Rise With Intact Financial Corporation

## Description

**Intact Financial Corporation** (TSX:IFC) is a great insurance stock that many investors may be overlooking when it comes to stocks that will benefit from a rising interest rate environment. You're probably aware that the Bank of Canada hiked interest rates this summer for the first time in many years, but you may not know the implications. I believe it's the start of consistent upward rate hikes, which we can expect on an annual or semi-annual basis. There are winners and losers as interest rates rise, and Intact Financial is one sure winner that you should probably consider today.



When it comes to insurance companies, many Canadians opt for one of the big life insurance companies, but what about different kinds of insurance, like property and causality (P&C) insurance, or car insurance (a Warren Buffett favourite!)?

Intact's market cap isn't the highest at ~$13 billion, but remember, bigger doesn't necessarily mean better, especially when it comes to this top-notch financial gem.

For those who're unfamiliar with Intact's business, it's the largest P&C insurance business in Canada. It's one of the rare, premium plays on the Canadian P&C space. The company has been putting its foot to the pedal when it comes to acquisitions as it aims to consolidate its industry.

**U.S. deal a new window of opportunity for Intact**

More recently, Intact acquired the U.S. specialty insurance provider OneBeacon for US$1.7 billion. The U.S. specialty insurance space is quite fragmented, so there are plenty of opportunities to consolidate further in what I believe is a hot U.S. market. The U.S. is a great place to be, especially once Trump's much-anticipated agenda finally comes to fruition. Once that happens, the U.S. economy is likely to heat up, and the U.S. Federal Reserve is likely to become more hawkish and raise rates at a faster pace — another positive for insurers.

Intact is continuing to consolidate the Canadian P&C market, but its recent U.S. acquisition certainly won't hurt, especially considering the tailwinds that U.S. firms will be riding — hopefully sometime in the medium term.

**Ride the tailwind of higher rates with Intact**

Intact has promising growth prospects and will be experiencing a boost in profitability thanks to higher interest rates. The future looks bright for Intact, and investors can pick up shares at a reasonable price today with its 19.8 price-to-earnings multiple and a 2.4 price-to-book multiple, both of which are slightly higher than the company's five-year historical average multiples of 17.5 and 2.1, respectively.

Buy shares and hang on to them for the ride to higher rates, while you enjoy collecting the consistently growing dividend, which currently yields 2.53%.

Stay smart. Stay hungry. Stay Foolish.

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1. TSX:IFC (Intact Financial Corporation)

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1. Investing

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