



Why Definity (TSX:DFY) Stock Surged 21% on Tuesday

Description

Definity Financial ([TSX:DFY](#)) shares climbed 21% on Nov. 23 after the company's initial public offering raised \$1.6 billion in gross proceeds. This makes Definity stock the highest Canadian IPO of the year. Furthermore, it also makes it the third-highest Canadian IPO in the last five years.

What happened?

Definity stock announced on Tuesday it achieved aggregate gross proceeds of about \$1.6 billion. This comes after that after the closing of its IPO of about 73.2 million common shares at \$22 a piece. The cash from the public offering will fund benefits of the demutualization process for the company's prior policyholders.

The insurance company is parent of Economical Insurance, Family Insurance Solutions, Petline Insurance, and Sonnet Insurance. It takes on a similar growth path to some of the largest Canadian insurance companies. This happens when companies move from one owned by policyholders to a shareholder-owned public company. Definity stock is the seventh-largest provider of property and casualty insurance in Canada, holding a 4.6% market share.

So what?

It's a shocking turn of events as an [insurance company](#) takes the top spot in a year dominated by tech stocks. Shares of Definity stock came on the market at \$22 per share. However, after the announcement of becoming the highest IPO in the last year full of growth, shares shot up 21% Wednesday morning. Shares now trade at about \$27 per share, as of writing.

The important of this [record-beating IPO](#) is pretty clear. Not only does it show investor confidence in Definity stock; it further gives it awareness for other investors to get on board. Definity stock is certainly still a new stock, and even with a 21% jump in share price, it could have further to go. It also helps when recruiting top executives and top suppliers to boot.

Now what?

As the economy recovers, the insurance industry in general is a great place to put your investment. With the pandemic restrictions easing, there is a positive outlook seen by analysts. In fact, the [insurance](#) industry in general looks stable for long-term holders.

Taking this in combination with a record-setting IPO puts Definity in a strong position. It has headlines and a burgeoning industry on its side. That makes it a strong option for Motley Fool investors looking to get in on the ground floor of a long-term stock to hold forever.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:DFY (Definity Financial Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolf
2. kduncombe

Category

1. Investing

Date

2025/06/27

Date Created

2021/11/23

Author

alegatewolf

default watermark

default watermark