



## 2 High-Yield Insurance Stocks Can Endure Tough Times

### Description

Insurance companies, not just banks, are financially-regulated institutions in Canada. Also, established insurers can produce [excellent long-term results](#) like the country's top lenders. But the great news is that the business is recession-resistant with muted volatility.

If a financial crunch is ahead, fortify your [dividend portfolio](#) with insurance stocks. **Manulife Financial Corporation** ([TSX:MFC](#))([NYSE:MFC](#)) and **Great-West Lifeco** ([TSX:GWO](#)) are dependable, high-yield income stocks. Your [passive income](#) streams will keep coming because both insurers can endure tough times.

### Safe dividends

Manulife did not disappoint investors in 2021. Besides the 11.6% positive return, it raised dividends payable in December 2021 by 18%. According to management, the hike includes the annual dividend increase for 2022. If you invest today, MFC trades at \$26.55 per share and pays a fantastic 4.99% dividend.

By the time this article sees print, Manulife's Q4 and full-year 2021 results should be out. I wouldn't be surprised if the numbers are as impressive as the Q3 2021 results. The \$51.23 billion international financial services provider reported core earnings of \$1.5 billion, a 10% increase from Q3 2020. Notably, net income reached nearly \$1.6 billion.

Manulife President & CEO Roy Gori said then, "The diversity and resilience of our franchise was evident once again in the third quarter, as we continued to deliver against our medium-term targets." In the first three quarters of 2021, net income was already 22.7% higher than the same period in 2020.

Phil Witherington, Manulife's CFO, said Asia generated double-digit new business value (NBV growth) despite the challenging environment. Also, its global wealth asset management (WAM) had strong net inflows of \$9.8 billion during the quarter. WAM's core earnings likewise increased 18% compared with the prior year quarter.

Like banks, insurance companies benefit from high interest rates. If the feds hike rates multiple times this year until 2023, Manulife and its industry peers could earn more floats. Another growth catalyst is the aging global population because it will drive demand for wealth management products.

Manulife's share price is approaching its 52-week high (\$27.68), although don't expect much on a significant spike. However, the dividends should be safe and sustainable for years to come.

## Adding scale

Great-West Lifeco has yet to present its Q4 and full-year 2021 results. While net earnings in Q3 2021 increased by only 5.6% versus Q3 2020, total base earnings climbed 28.1% year-over-year. Its president and CEO, Paul Mahon, was pleased with the results and achievements during the quarter.

Mahon notes the strong underlying business performance across operating segments and the benefits of recent acquisitions. The \$38.4 billion financial services holding company continues to add scale and grow the business further. It acquired an industry-leading health care management firm in Canada.

In the U.S., it bought a full-service retirement business. The purchase of Ark Life Assurance Company should enhance its position in Ireland. At \$40.85 per share, current GWO investors enjoy a 7.6% year-to-date gain on top of the generous 4.81% yield. The dividend should be safe, given the low 49.73% payout ratio.

## Solid choices

Insurance stocks are valuable additions to any investment portfolio. Manulife and Great-West Lifeco, in particular, are solid choices if you need recurring, uninterrupted passive income.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:GWO (Great-West Lifeco Inc.)
3. TSX:MFC (Manulife Financial Corporation)

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**Date**

2025/08/18

**Date Created**

2022/02/10

**Author**

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