



1 Top-Tier Insurance Company Is a Source of Safe Passive Income

Description

Canadians looking to earn [passive income](#) in 2022 to cope with rising inflation shouldn't look elsewhere. The TSX's insurance sector boast stocks that offer attractive dividend yields. Seven of the [top insurers](#) are dividend aristocrats owing to their dividend growth streaks of at least five years.

On November 8, 2021, a top-tier insurance company announced a 20% dividend hike immediately following the lifting of restrictions. Kevin Strain, president and CEO of **Sun Life Financial** ([TSX:SLF](#))([NYSE:SLF](#)), said raising the dividend and implementing it as quickly as possible was important.

Sun Life sweetened the dividend despite paying \$700 million in extra claims related to the pandemic in the last two years. Strain adds, "We're quite happy to provide that stimulus and those dividend cheques back to our shareholders." The decent 3.58% yield should be safe and sustainable. Moreover, there's plenty of room for [dividend growth](#) given the low 35.9% payout ratio.

Strong 2021 performance

The sun shone brighter on Sun Life investors when the company reported impressive financial and operational results for Q4 and full-year 2021. On profitability, net income in Q4 2021 increased 44.9% to \$1.07 billion versus Q4 2020. For the full year, the increase was 63.6% compared with the previous year.

In Q4 2021, consolidated Insurance and Wealth sales grew 13% and 10% year-over-year. The insurance sales increase was highest in Canada (30%), while Asia reported 20% growth in wealth sales. Assets under management (AUM) in 2021 increased 15% to \$1.44 trillion versus 2020.

The focus remains on Sun Life's purpose of helping clients achieve lifetime financial security and live healthier lives. Management said it launched a refreshed strategy to support its purpose. The key priorities include advancing the digital journey by delivering exceptional experiences, products, and solutions to meet clients' needs.

Strengths

Sun Life's sales and profit numbers in 2021 validates its leading position in insurance and asset management. Sun Life Health, in particular, reported higher large case group benefits sales. In Q4 2021, Canada wealth sales rose to \$6 billion (nearly \$1 billion increase) due higher sales in Group Retirement Services (GRS).

Besides the expanded partnership with CloudMD, Sun Life invested \$48 million in Dialogue Health Technologies. The former provides mental health tools and resources, while the latter powers the Luminous Health Virtual Care platform. Management said the moves reflect its commitment to improve the integration of health and digital solutions for clients.

Sun Life is a leader in health and benefits in the U.S., as evidenced by the 22% increase in insurance sales (Q4 2021 versus Q4 2020). Management's strategic priority is to act like a digital company. The launching of Sun Life Onboard will streamline the digital process and reduce administrative time to set up new clients.

With the fast-growing markets in Asia, expect Sun Life to be a regional leader. **Aditya Birla Sun Life Asset Management Company Limited**, a joint venture, went public in India. The IPO generated \$362 million from the offering of its 12.5% ownership interest. Sun Life also increased its strategic investment in Bowtie Life Insurance, Hong Kong's first virtual insurer.

Buy-and-hold

Sun Life Financial is the source of safe passive income. If you buy the stock today (\$73.81 per share), you can hold it for good.

CATEGORY

1. Dividend Stocks
2. Investing

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