

# State of the Line: Farmowners Insurance

The U.S. farmowners insurance industry experienced its third consecutive underwriting loss in 2024, with a net combined ratio (NCR) of 100.7. It was the 10<sup>th</sup> time over the past 20 years with a NCR over 100. By comparison, the total property/casualty (P/C) insurance industry's NCR in 2024 was its lowest since 2013.

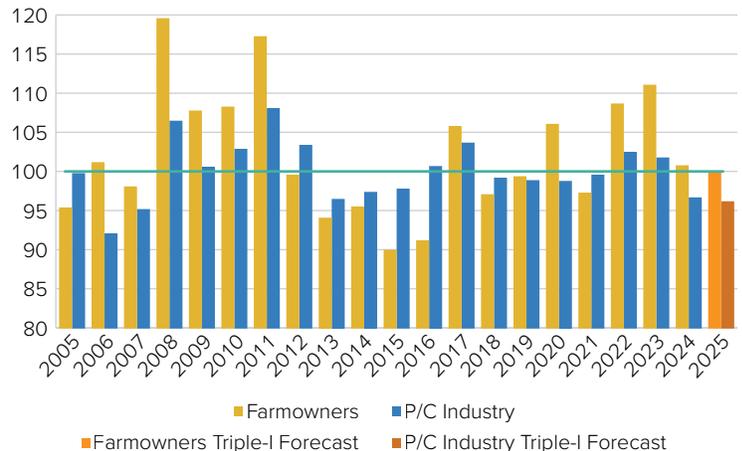
Insurers' underwriting profitability is measured by a combined ratio, which is calculated by dividing the sum of claim-related losses and expenses by premium. A combined ratio under 100 indicates a profit. A ratio above 100 indicates an underwriting loss. Growth rates for NCR and net premiums written (NPW) for farmowners insurance are analyzed, forecasted and reported at Triple-I's quarterly [members-only webinars](#). Figure 1 includes the 2025 NCR Triple-I forecast as of January 2026 for the farmowners line and the P/C industry.

## Premium

NPW growth for farmowners insurance exceeded that of the P/C industry for the sixth time over the past 10 years. This includes a 20.4% rate in 2021, indicative of the hard reinsurance market following the onset of the COVID-19 pandemic in 2020. Figure 2 shows the Triple-I 2025 NPW growth rate forecast as of January 2026 for farmowners and the P/C industry.

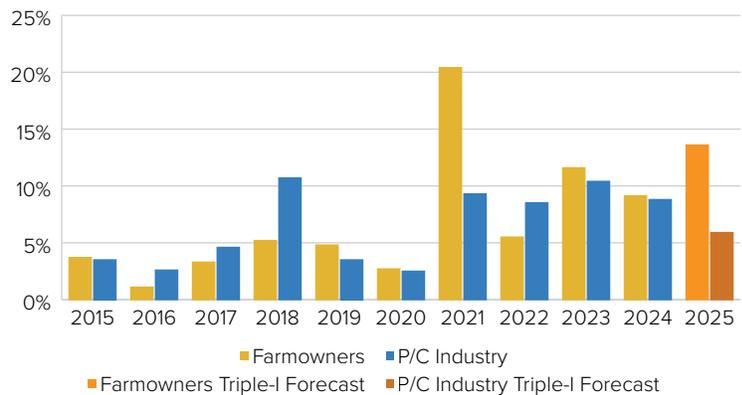
A farmowners policy is designed primarily for mostly small farms, combining the standard coverages of a homeowners policy with endorsements for farm structures, farming equipment and agriculture. Larger farms are typically covered by unbundled commercial multiline policies, including, but not limited to, general liability and commercial property. Nevertheless, the [Producer Price Index](#) (PPI) for commercial machinery repair and maintenance serves as a leading indicator of changes in direct written premium for farmowners. It shows a strong correlation of 0.84 when offset by one year. Another leading indicator, as seen in Figure 3, is the U.S. Department of Agriculture [Building Materials Price Index](#), which has a similar correlation of 0.85.

Figure 1: Net Combined Ratio, 2005-2025



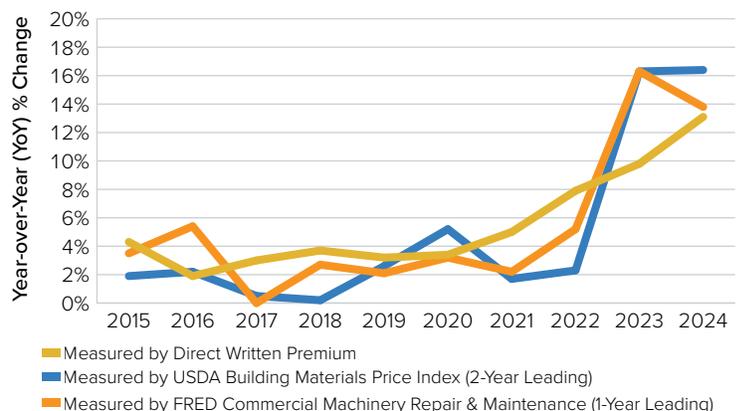
Source: S&P Global Market Intelligence, as of January 2026

Figure 2: Net Written Premium Growth Rate, 2015-2025



Source: S&P Global Market Intelligence, as of January 2026

Figure 3: Change in Premium, 2015-2024



Source: S&P Global Market Intelligence, Federal Reserve Economic Data, U.S. Department of Agriculture Economic Research Service, as of January 2026

## Direct Incurred Loss Ratios

Given the similarities between farmowners and homeowners insurance, it is unsurprising their quarterly direct incurred loss ratios showed a strong correlation of 0.75 during the 15-year period from 2005 through 2019. However, this correlation has decreased to 0.44 over the past five years. One explanation for the decline is due to hardening in homeowners as carriers implement higher deductibles and roof settlement schedules. This trend has not extended over to farmowners policies, which tend to be written by smaller regional mutual companies versus major national carriers. In this regard, it is worth noting the farmowners direct incurred loss ratio in the second quarter of the year – the peak period for severe convective storms – has surpassed that of homeowners annually for at least the past 20 years. Figure 4 highlights quarterly differences in direct incurred loss ratios between these lines in recent years.

## Frequency

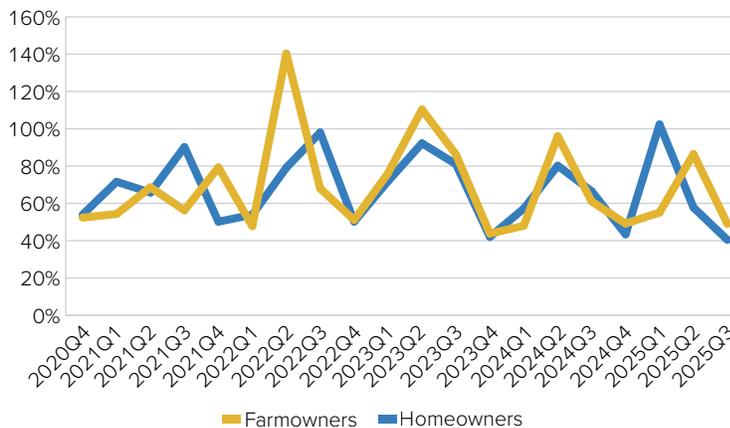
Carriers report claim counts through Schedule P of their annual statements. Unfortunately, farmowners is combined with homeowners in this reporting, making it difficult to assess frequency and severity trends specific to farmowners.

One method for analyzing potential changes in claim frequency is the [working capital to gross revenue](#) (WCGR) ratio. A decreasing WCGR can indicate a decline in the financial health of farms or depreciation of farm structures and equipment. Figure 5 shows a moderate 0.50 correlation between the 2013 to 2024 change in homeowners claim frequency measured by paid claims at 12 months of development and the 2011 to 2022 WCGR of the farm sector, as measured by the U.S. Department of Agriculture Economic Research Service. If the 2017 change is omitted, this correlation rises to 0.65.

## Severity

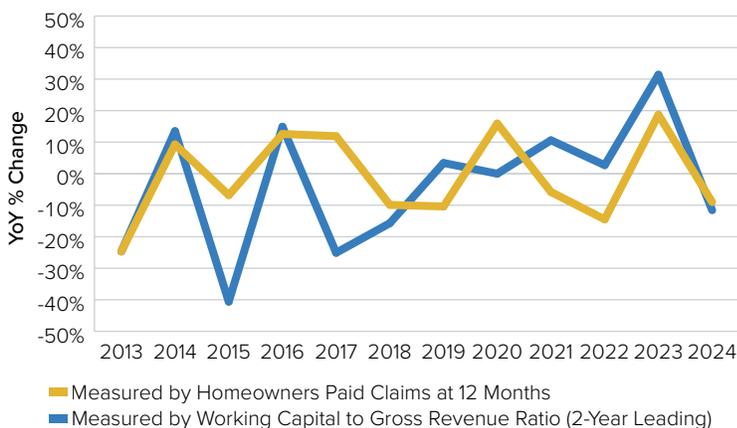
As with claim frequency trends, the lack of publicly available claims data complicates analysis of farmowners claim severity trends. However, several farm economic indicators correlate with changes in homeowners claim severity, as shown in Figure 6.

Figure 4: Quarterly Direct Incurred Loss Ratios, 2020Q4 to 2025Q3



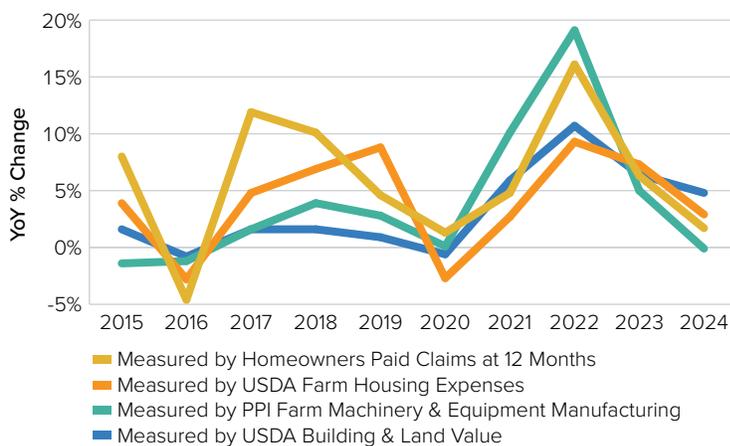
Source: S&P Global Market Intelligence, as of January 2026

Figure 5: Frequency Estimates, 2013-2024



Source: National Association of Insurance Commissioners, S&P Global Market Intelligence, Federal Reserve Economic Data, US Department of Agriculture Economic Research Service, as of January 2026

Figure 6: Severity Estimates, 2015-2024



Source: S&P Global Market Intelligence, Federal Reserve Economic Data, US Department of Agriculture Economic Research Service, as of January 2026

The change in [USDA Farm Housing Expenses](#) from 2015 to 2024 has a strong correlation of 0.76. The year-over-year (YoY) change in the following components each have a strong correlation of greater than 0.80 with changes in homeowners severity from 2020 to 2024:

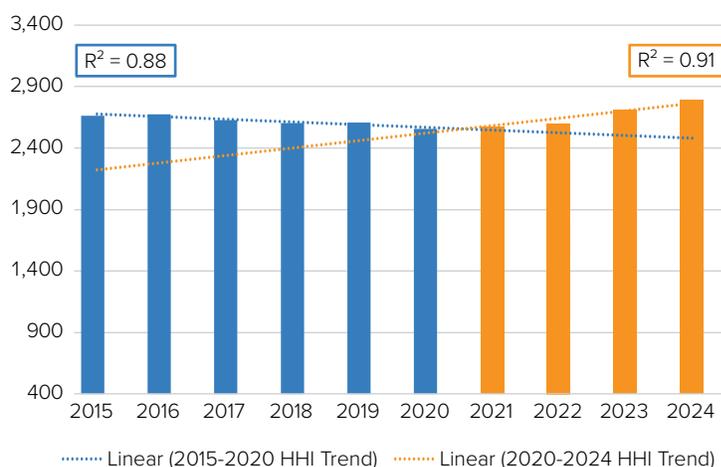
- [USDA Farm Housing Expenses](#): 0.82 correlation
- [PPI Farm Machinery and Equipment Manufacturing](#): 0.94 correlation
- [USDA Building and Land Value](#): 0.86 correlation

## Market Competition

The U.S. Department of Justice considers markets with an [Herfindahl-Hirschman Index](#) (HHI) between 1,000 and 1,800 to be moderately concentrated, and those with an HHI above 1,800 to be highly concentrated. The market concentration for farmowners in 2024 countrywide was 2,789, exceeding the threshold for a highly concentrated market. From 2015 to 2020, the HHI increased for farmowners at a compound annual growth rate (CAGR) of -0.8%. Since 2020, however, it fell at a CAGR of 2.2%, as shown in Figure 7. On a state-by-state basis, there are 11 states with a farmowners insurance market below the 1,800 threshold, the least concentrated HHI states being Colorado, Ohio and Montana.

Nationally, 80% of farmowners direct written premium is written by 25 carriers. Standard farmowners policies were designed to include homes and temporary row crops of small farms typically found in the Midwest. The small farm agricultural cluster in Hawaii generally consists of leased land from large estates and permanent tree crops. As a result, no insurance carrier writes a standard farmowners policy in Hawaii. Additionally, Arkansas, the District of Columbia and Puerto Rico each have only one insurer writing farmowners coverage. The top 10 writers of farmowners insurance nationally for 2024 are shown in Figure 8.

Figure 7: Herfindahl-Hirschman Index, 2015-2024



Source: S&P Global Market Intelligence, as of January 2026

Figure 8: Top-10 Writers of Farmowners Insurance, 2024

Rank	Ultimate Parent Name	Direct Written Premium (000s)	Market Share
1	Nationwide Mutual Group	611,354	9.2%
2	Iowa Farm Bureau Federation	611,264	9.2%
3	State Farm Mutual Automobile Insurance Company	384,177	5.8%
4	Liberty Mutual Holding Company Inc.	350,288	5.3%
5	Texas Farm Bureau	338,096	5.1%
6	The Travelers Companies Inc.	278,910	4.2%
7	Illinois Agricultural Association	246,932	3.7%
8	FMNE Insurance Company	233,866	3.5%
9	American Family Insurance Group	233,308	3.5%
10	Tennessee Farmers Insurance Companies	173,458	2.6%