# State of the Line:
# Fire and Allied Lines

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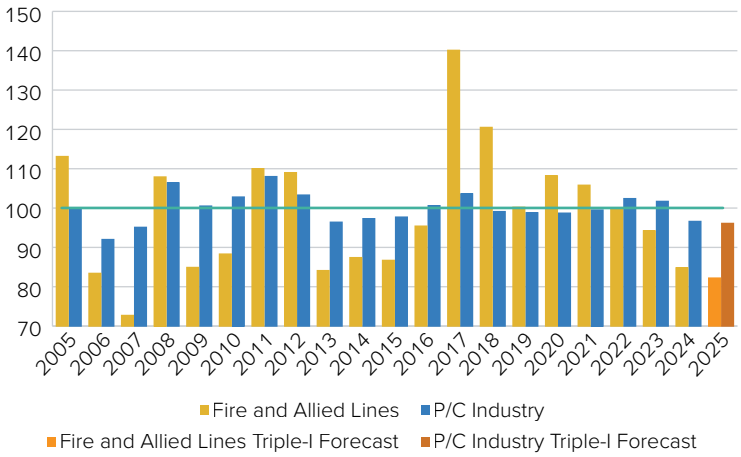
The U.S. fire and allied lines insurance industry achieved a net combined ratio (NCR) of 84.8 in 2024, outperforming the broader property/casualty (P/C) industry for the third consecutive year. It marked the lines' lowest NCR since 2007 and followed a five-year trend of an NCR above 100 from 2017 to 2021.

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. NCR and net premiums written (NPW) growth rates for fire and allied lines insurance are analyzed, forecasted and reported at Triple-I's quarterly members-only webinars. Figure 1 includes the Triple-I 2025 NCR forecast as of January 2026 for the fire and allied lines combined and the P/C industry.

Figure 1: Net Combined Ratio, 2005-2025

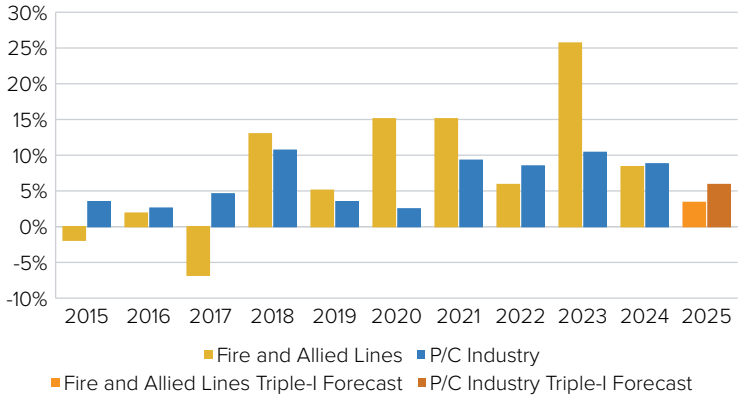



Source: S&P Global Market Intelligence, as of January 2026

## Premium

NPW for fire and allied lines grew by 8.4%, building on 25.7% growth in 2023. Since 2020, fire and allied lines NPW has grown 91.2%, at nearly double the rate of P/C industry growth. Figure 2 shows the Triple-I 2025 NPW growth rate forecast as of January 2026 for fire and allied lines and the P/C industry.

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




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

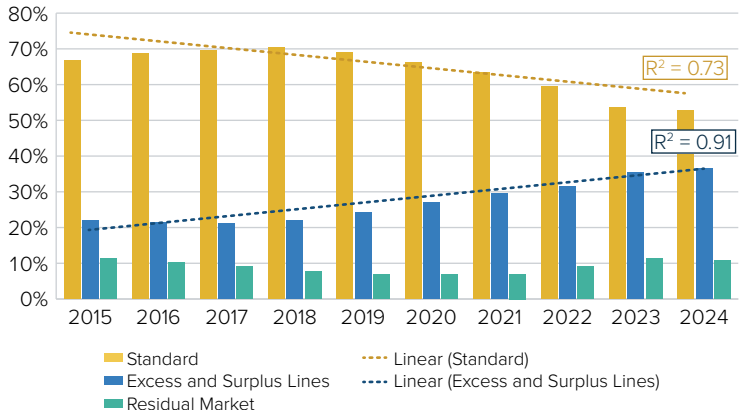
Unlike fire insurance, which covers property damage from fire incidents, allied lines insurance covers damage from other perils such as wind, water, and vandalism. Each policy may be purchased separately or as a package. Together, they provide property damage protections comparable to those offered by a standard homeowners' policy or a commercial multi-peril policy, but without liability coverage. Most fire and allied lines losses and premiums are from commercial policies, particularly for larger risks such as retail shops, office buildings, large farms, warehouses, schools, hotels, and other businesses. Some businesses with significant large-risk exposure may carry more than one fire and allied lines policy from multiple carriers, known as stacking.

Fire and allied lines insurance encompasses standard policies, excess and surplus lines policies, and residual market policies. FAIR plans, which account for most policies in the residual market, primarily cover fire. Others such as the Texas Windstorm Association and the Pennsylvania Coastal Property Insurance

Pool focus on wind coverage. Most FAIR plan policies, however, offer options for all coverages. Unfortunately, determining premium volumes across these markets can be difficult, as each states' structures and reports on the residual market differently. To better understand patterns in premium, S&P Global Market Intelligence data for fire and allied lines and the excess and surplus market was assessed alongside an estimate of the nationwide residual market, calculated using available state data.

Figure 3 highlights how market performance differed across these three policy types from 2015 through 2024. Premium for fire and allied lines standard policies decreased from 66.7% of the total fire and allied lines market to only 52.7%, at a compound annual growth rate (CAGR) of -2.6%. Meanwhile, the excess and surplus lines market share increased from 21.9% to 36.4%, at a CAGR of 5.8%. For the residual market, which comprised roughly 10 percent of policies, premiums declined at a CAGR of -11.9% from 2015 to 2020, then increased at a CAGR of 12.2% from 2020 through 2024.

**Figure 3: Written Premium Distribution of Fire and Allied Lines Markets, 2015-2024**




Source: S&P Global Market Intelligence, as of January 2026, Triple-I analysis of state reports on residual markets

## Direct Incurred Loss Ratios

Fire and allied lines insurance represents the largest share of commercial property premiums, exceeding inland marine by about 10%, which accounts for a third of the total. Therefore, it is unsurprising the quarterly direct incurred loss ratios for fire and allied lines follow a similar pattern to commercial property. In isolation, quarterly loss ratios for allied lines insurance exceeded those of fire insurance in 17 of the past 20 quarters, as shown in Figure 4. This contrast reflects the pronounced impact of severe convective storms and hurricanes in recent years, which only allied lines insurance covers. It is worth noting the premium distribution between fire and allied lines remained relatively equal over the past 10 years, keeping the combined loss experience close to the average of the two lines in most quarters.

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


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

## Frequency

Insurance carriers report claim counts through Schedule P of their annual statements. Unfortunately, claim counts are not included for the commercial property line reports, making it difficult to assess frequency and severity trends. To overcome this discrepancy, several external proxies were analyzed and compared to homeowners' insurance frequency and severity, given the similarities in property damage coverage between these lines and the dominance of property damage loss in the homeowners' line compared to liability loss.

Changes in frequency were analyzed using federal data on total construction spending and fire incidents as proxies for fire claims and data on weather events from the National Oceanic and Atmospheric Administration (NOAA) as a proxy for allied lines claims. These indicators were compared to changes in homeowners' claim frequency measured by paid claims at 12 months and by residential construction spending.

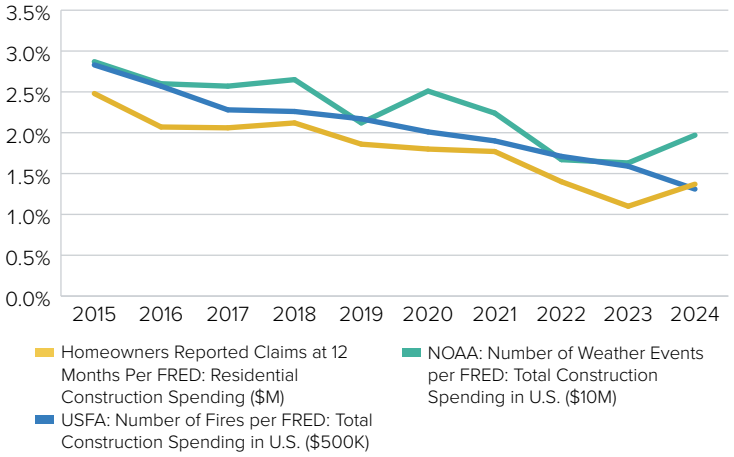
From 2015 to 2024, homeowners' claim frequency based on residential construction spending decreased at a CAGR of -6.4%. Fire frequency based on the number of fires per $500K in total construction decreased at a CAGR of -8.2%, while allied lines frequency based on the number of weather events per $10M in total construction decreased at a CAGR of -4.1%. Figure 5 shows the very strong correlations of 0.93 and 0.95 for fire and allied lines frequency, respectively, compared to homeowners' frequency. These findings suggest the incidents of fire and wind behave similarly across personal and commercial fire and allied lines to homeowners, making incidents of other property perils and liability claims small to immaterial.

## Severity

As with claim frequency, severity was modeled using federal and NOAA data on fire and weather events compared to homeowners' insurance data. Homeowners' severity, based on analysis of both S&P reported claims at 12 months of development and ISO Fast Track data, increased at a CAGR of 6.7% from 2015 to 2024. Fire severity increased at a CAGR of 9.5% during this same period, while allied lines severity increased at a CAGR of 6.6%. Figure 6 highlights a correlation of 0.78 between fire and homeowners' severity and a 0.60 correlation between allied lines and homeowners' severity.

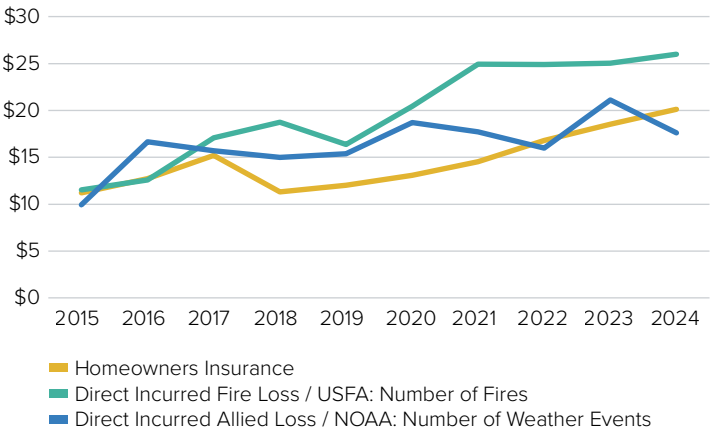
The higher correlation between these lines on a frequency basis than a severity basis suggests that, while incidents of fire and wind peril behave similarly, severity of other property perils and liability is large and material enough to create differences in these trends. These discrepancies may also result from the commercial make-up of fire and allied lines insurance, as the risks associated with commercial properties like distribution centers, industrial facilitates, shopping malls and corporate high-rises tend to yield lower frequency rates and larger severity losses.

Figure 5: Frequency, 2015-2024




S&P Global Market Intelligence, as of January 2026

Figure 6: Severity ($ thousands), 2015-2024




Source: S&P Global Market Intelligence, U.S. Fire Administration (USFA), NOAA Storm Prediction Center as of March 2026

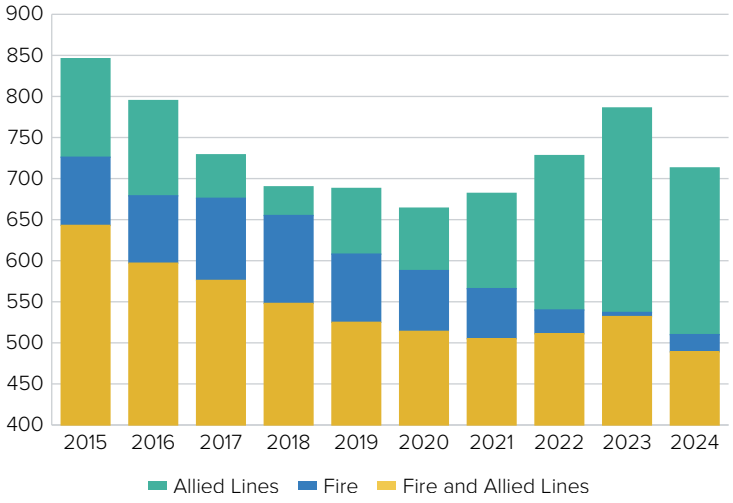
## Market Competition

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. From 2015 to 2024, the HHI for fire and allied lines decreased from 643 to 489 at a CAGR of -3.0%, indicating a healthy, unconcentrated market. Each state including the District of Columbia and Puerto Rico achieved an HHI below 1,800 in 2024. The least concentrated states as measured by HHI are Alabama, California, Delaware, New Jersey and New York.

The fire and allied lines in isolation, however, behaved differently, as shown in Figure 7. Fire insurance decreased at a faster rate, from 726 to 509 at a CAGR of -3.9%. Allied lines insurance followed a similar trend but flipped direction from 2020 through 2023, increasing at a CAGR of 5.8%. Performance then improved slightly in 2024. From 2015 to 2024, the number of companies writing allied lines insurance has either grown or remained flat in every state. An increase in HHI, in combination with a consistent or rising number of companies in the market, signals worsening market concentration.

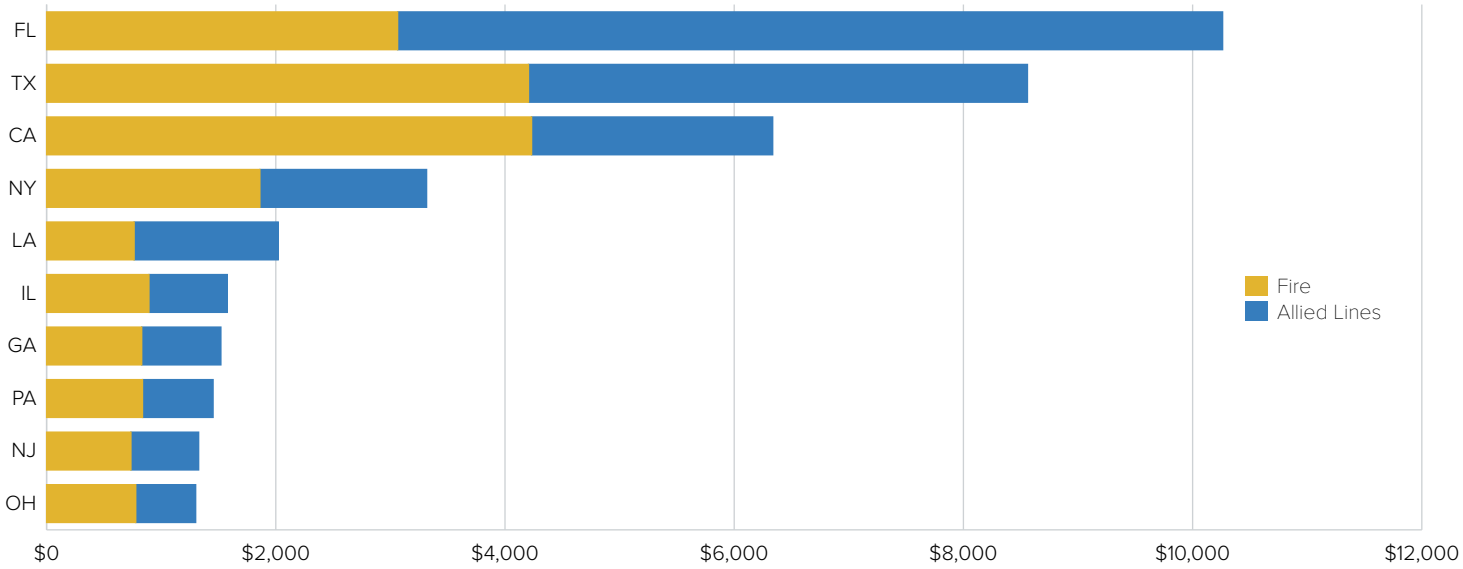
Figure 8 lists the top 10 states by total written premium across the fire and allied lines insurance industry. The underlying distribution of direct written premium across these states varies from 70.2% of Florida direct written premium concentrated in allied lines insurance to 66.8% of California direct written premium concentrated in fire insurance.

### Figure 7: Herfindahl-Hirschman Index, 2015-2024




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

### Figure 8: Top 10 States by 2024 Direct Written Premium ($ millions)




S&P Global Market Intelligence, as of January 2026