

News Brief



How Tariffs May Impact Home and Auto Insurance

On April 3, 2025, President Donald Trump announced new tariffs on imports into the United States. These costs would include an increased tariff on foreign automobiles and vehicle parts, as well as additional costs for certain construction and manufacturing materials.

On April 9, the president delayed most of the “reciprocal” tariffs above 10% for 90 days, except for those imposed on China. Other tariffs were enacted as planned.

Increased tariffs could mean rising costs for imported auto parts, vehicles, building materials and insurance policies. In fact, industry experts expect auto insurance premiums to increase by as much as 10% by the end of 2025.

“Faced with this cost increase, we expect insurers will have no other option than to pass these losses on to drivers in the form of higher premiums.”

- Mallory Mooney, Director of Sales and Service, Insurify

Insurance carriers weigh potential claim costs as one of the most significant factors when determining policyholders’ rates. As claim costs increase, such as due to higher construction and vehicle prices, insurers must recoup these greater expenses by increasing premiums.

Concerns regarding increased rebuild and repair costs in the construction industry could be particularly problematic for those in areas at high risk of natural disasters. Many carriers have already increased rates in such areas or even pulled out of the market entirely due to recent influxes in disaster-related losses and claims.

According to the National Association of Home Builders, in 2023, 71% of lime and gypsum imports, which are essential for making mortar and other building materials, were imported from Mexico. Additionally, approximately 70% of timber was imported from Canada. Given that both countries now face steep tariff increases, construction costs and subsequent home insurance rates could increase significantly.

Contact Us

At MST Insurance Solutions, Inc., our mission is to serve you and your family throughout, and especially during, unpredictable and difficult times. As tariffs and economic uncertainty continue to impact homeowners and motorists, our team stands ready to provide assistance and guidance.

Contact us today to learn more and discuss ways you can maintain the right coverage while finding the best available rates.