



RISING PREMIUMS

# How Trump’s Trade Policies Affect Insurance Costs

**P**RESIDENT TRUMP’S sweeping return to tariff-heavy trade policies in 2025 is sending ripples across the economy, including the cost of property insurance claims.

The latest round of tariffs, which include steep duties on imported construction materials and auto parts, many of which are sourced from China, threatens to drive up claims costs particularly in property and vehicle insurance. The result is likely to be higher insurance rates to account for higher claims costs.

### Effect on auto insurance

Depending on where they come from, vehicle parts face tariffs as high as 50% (in the case of China), which is hitting both original equipment manufacturer and aftermarket parts. Since more than half of all U.S. vehicle parts are imported, the cost of repairs has increased sharply, even for minor collisions.

According to the American Property Casualty Insurance Association, this could raise auto insurance claims costs by \$7 billion to \$24 billion annually.

The website Insurify predicts that full-coverage auto insurance premiums could rise 19% by year’s end on the back of higher repair costs and delays in parts availability, which also increase settlement times and costs.

For fleets, this dynamic is particularly problematic. Businesses may face longer vehicle downtimes after an accident, and higher deductibles or premiums to account for elevated risk.

### Commercial property insurance

With these tariffs in place, the cost to rebuild or repair damaged property has increased significantly (see graphic below).

The National Association of Home Builders estimates that tariffs have added \$7,500 to \$11,000 to the average cost of constructing a new home. Commercial building owners should expect similar cost increases.

### Supply chain risks

On-again-off-again tariffs have created uncertainty across supply chains, exposing businesses to downtime should needed parts or inventory not arrive on time.

Industries like electronics, automotive parts, construction materials, retailers and apparel are especially exposed.

Many of these businesses rely on components or raw materials from Asia, where even slight delays or cost increases can disrupt production and reduce profitability.

## BUILDING MATERIAL TARIFFS .....



### What business owners can do

What makes the current situation difficult for insurers is the unpredictability of Trump’s tariff policies, making it difficult to predict future claims costs.

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**ACRISURE**<sup>®</sup>  
 3155 Olsen Drive, Suite 400  
 San Jose, CA 95117

Contact your broker for more information.  
[www.acrisure.com](http://www.acrisure.com)  
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## WILDFIRE SEASON

# How to Prepare Your Business for Blackouts

**D**URING WILDFIRE season, utilities with equipment in at-risk areas will often cut power during high-wind events to reduce the risk of ignition from downed power lines.

While the practice can prevent a fire from starting, it can put businesses in a bind by hampering operations and even putting perishable items at risk of spoiling if the outage lasts for an extended period.

With the specter of multiple-day power outages always looming during wildfire season, businesses need to be prepared to keep their operations going and prevent losses that may not be covered by insurance.

## Create a continuity plan

Once you've identified your key processes that would be affected by an extended power outage, brainstorm with your team on how you can keep them going.

Write up an emergency response plan and share it with employees so they know what to do in a power outage and the steps to take to protect equipment. Employees should also know where to exit the building if they need to evacuate.

## Set up a backup power

Consider investing in a backup generator that is right for your business needs. With a generator, you can continue to run critical aspects of a small business during a power outage. This is especially important if you have perishable inventory, like a restaurant, food distributor or grocery store, to avoid spoilage.

Another option is an uninterruptible portable battery with power outlets, allowing you to plug in electronics and continue using them during an outage. They come in numerous sizes, and the more they cost, the more power they can store and deliver.

## Secure cloud storage and Wi-Fi

If you have not done so, you should secure a means of paperless document and file storage in the cloud. If there is a power outage and an accompanying surge, you could lose access to your data if it's stored on local servers.

Consider purchasing battery-powered mobile wireless hotspots that connect via cell towers, so that even when the internet goes down, you can finish important tasks requiring web access, such as setting up an e-mail auto-response.

## Protect your electronic equipment

Equipment that contains sensitive components and data, like a computer, could benefit from a surge protector, which protect them from a possible rush of electricity when the power comes back on.

## Invest in the right insurance

If you've got business interruption insurance, you may be covered for losses related to the outage, but it all depends on the specific wording in your policy. The cause of the outage might matter, and your coverage might only kick in if the outage lasts for a certain duration.

However, if the loss is the result of a power outage due to the public utility, you may not be able to get compensated for these losses by a business interruption policy.

Also, while most commercial property policies include business interruption coverage, it only kicks in in the case of physical damage to the property.

That said, some policies cover power outages by default. If you are unsure about your coverage, give us a call. ❖



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## Ensure to Get Copy of Any Maintenance Contracts

In some cases, insurers may respond by tightening underwriting standards or increasing premiums in advance to safeguard against future cost surges.

Business owners are faced with several considerations:

- **Expect insurers to take volatility into account:** To refine their pricing and expected future claims costs, insurers may consider incorporating data like geopolitical risk scores and supply-chain exposure measures into their underwriting models.
- **Look for escalation clauses:** Due to the cost uncertainty brought on by tariffs, insurers may introduce escalation clauses into their policies. These clauses allow for increased coverage

limits if costs increase more than expected.

- **Review replacement costs and policy limits:** Ensure the policy reflects current rebuilding costs, accounting for inflation from materials and labor. We can help you review your replacement cost.
- **Consider higher deductibles:** This can reduce the premium, but policyholders must pay more out of pocket for claims.
- **Plan for longer claims cycles:** Understand your carrier's average claim timelines and adjust your business continuity plans accordingly.
- **Find new vendors:** If you rely on products from a high-tariff country, you may want to explore sources in other countries. ❖

## WORKER SAFETY

# Construction Falls and the Perils of Suspension Trauma

**O**NE OF THE most common construction industry accidents is falls from heights, which is why it's crucial that you have in place fall protection systems for your workers.

One of the best ways to prevent injuries and death from falls is by using a fall-arrest system. But while these systems can save lives, they can cause suspension trauma if the worker is not rescued and brought to ground level as soon as possible and is instead left suspended in an upright position, with their legs dangling.

Because the worker is suspended in an upright position with their legs hanging, blood begins to accumulate in the legs. This is commonly called venous pooling (the accumulation of too much blood in the veins), which reduces the flow of oxygenated blood to the heart and brain.

Remaining in this position for a long time can cause the worker to pass out and the longer they hang in place, the more it can result in serious health problems — and even death.

## Warning signs of trauma

- Faintness
- Nausea
- Dizziness
- Sweating
- Paleness
- Narrowing of vision

## How to avoid suspension trauma

Safe, prompt rescue is the key to preventing suspension trauma. The sooner a worker can be rescued, the less likely they are to endure such trauma.

During the rescue, care should be taken to slowly put the victim back on the ground. Try to avoid suddenly letting them into a horizontal position, which can cause deoxygenated blood to flow back into the body (reflow syndrome) and cause damage to the brain and other organs — and even cause the heart to stop.

Suspended workers awaiting rescue can take some action to guard against injury, including:

- Adopting a sitting position, if possible.
- Moving into a horizontal position as much as possible.

- Using their legs to push off from a hard surface, keeping the muscles active.
- Pumping legs frequently to maintain blood flow and prevent venous pooling.

One of the primary ways to slow the progression of suspension trauma is to stand up. When standing, the leg muscles must contract to provide support and maintain balance, and these actions also put pressure on the veins. This pressure, along with a series of one-way valves in the veins, helps blood get to the heart and reduces the amount of blood pooling in the legs.

Workers can “stand” by using the trauma-relief straps that are attached in pouches on the side of the fall-arrest harness. These straps provide loops that they can put their feet into and press against to simulate standing up. ❖

## More tips

- Train workers on the rescue procedures for suspension trauma and how to avoid reflow syndrome.
- Have a plan in place to rescue suspended workers quickly and get them immediate medical attention.
- Ensure that medical personnel are aware of the possibility of suspension trauma.
- When rescuing a suspended worker, do not lay them flat into a horizontal position; instead, keep them sitting up with their legs straight out in front of them.
- After a rescue, keep the worker calm and monitor them so they do not faint and fall into a horizontal position.

## 3 STAGES OF SUSPENSION TRAUMA

### Brain Circulation

- Diminished Blood Flow
- Blocked Airway
- Cardiac Arrest or Brain Damage
- Death

### Heart Circulation

- Anxiety and Onset of Shock
- Heart Rate Increases
- Cardiac Irritability\*

### Leg Circulation

- Straps Impede Blood Return
- Muscle Venous Pump Fails
- Blood Becomes Toxic & Highly Acidic\*

\*Even if victim is rescued before respiratory/cardiac arrest occurs, the danger of cardiac arrest still exists due to the toxic, highly acidic blood surging back to the irritated heart (reflow syndrome). The danger of delayed kidney failure exists if victim is not medically evaluated after prolonged suspension.



## CONSTRUCTION ALERT

# Assess Your Pollution Liability Exposure

**P**OLLUTION AND environmental claims always linger as a threat to contractors of all types and can lead to significant costs for cleanup, remediation and potential legal liabilities.

Pollution claims against contractors typically concern environmental contamination or third parties being sickened by a compound used in the construction process. These claims can lead to lawsuits and significant liability exposure that could cripple a small or mid-sized firm.

Unfortunately, many contractors underestimate their exposure. Sometimes an incident can happen to a contractor that doesn't even handle dangerous chemicals or solvents.

## Insurance

If a construction project causes pollution or environmental damage or sickens a third party, a standard commercial general liability policy likely would not cover the steep associated costs.

The best option is to have a contractors environmental liability insurance, which covers third-party bodily injury, third-party property damage, cleanup costs and legal defense expenses (including attorneys' fees, settlements and judgments).

Policies cover incidents of:

Sudden pollution, in cases such as after a pipe ruptures or a chemical truck overturns.

Gradual pollution, which builds up over time. Examples include mold, legionella and accumulation of runoff in a body of water. ❖

## Common types of pollution insurance claims

**Storage tank leaks** – Excavation contractors may accidentally strike underground tanks containing fuel or waste, causing soil contamination.

**Struck natural gas lines** – Digging near unmarked gas lines can result in explosions, fires or evacuations, posing immediate safety and environmental risks.

**Transport spills and accidents** – If pollutants like fuel or concrete spill during transit, especially near waterways, they can trigger environmental damage and cleanup obligations.

**Machinery fuel leaks** – Undetected fuel or oil leaks from heavy equipment can pollute soil and water and require emergency remediation.

**Asphalt and tack coat runoff** – Unexpected rain can wash asphalt or tack coat into storm drains or streams, prompting pollution claims and cleanup efforts.

**Asbestos exposure** – Demolition work on older buildings can release asbestos into the air if not properly abated, creating serious health and liability concerns.

**Dust pollution** – Uncontrolled construction dust, especially silica or mineral-based dust, can cause respiratory harm and lead to liability claims.

**Construction runoff** – Runoff from sites near water can carry pollutants like paint, fuel or cement, contaminating ecosystems and requiring cleanup.

**Mold growth** – Contractors involved in plumbing, roofing or waterproofing may face liability if their work leads to mold outbreaks and health problems.

**Legionella contamination** – HVAC or plumbing contractors can be liable if the water systems they install promote legionella growth, which can cause deadly infections.

## Action plan

**Identify exposures:** Does the work involve asbestos, per- and polyfluoroalkyl substances, chemicals or soil/water disturbance?

**Purchase proper insurance:** Secure contractors environmental liability insurance.

**Train and certify staff:** Especially for handling asbestos, PFAS or mold.

**Implement safe work practices:** Follow disposal laws and secure hazardous materials to avoid accidental contamination.

**Use contract clauses:** Require subs to carry environmental liability insurance.



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