



Joshua Higgins, with Cohen Vaughan. Courtesy photo

EXPERT OPINION

Trump Tariff and Immigration Policies Likely to Impact Fla. Insurance Industry

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Insurance Law

By Joshua Higgins

As President Donald Trump has begun to institute tariffs on America's closest trading partners of Canada, Mexico, and China, many Americans are wondering about the potential impact of these tariffs on everyday life, from the grocery store to the gas pumps. The institution of these tariffs, and the response of retaliatory tariffs, has many Florida business owners concerned about the impact on day-to-day business and insurance rates.

Tariffs' Effect on Autos and Building Materials Likely to Raise Insurance Rates

Recently, AM Best and others have indicated that tariffs are very likely to impact the insurance industry, with the impact felt most prominently in the homeowners and automotive insurance industries. The reason for the impact, as it relates to homeowners' insurance rates, is due to the United States reliance upon Canada for lumber and other building materials. With the cost of lumber increasing due to retaliatory tariffs likely to be imposed by Canada, the cost of building materials goes up, and this cost is passed along to the consumer, since insurance-covered repairs are likely to be higher. Similarly, the U.S. automotive industry relies heavily on Canada and Mexico, and many newer automobiles have advanced technology or electronics, which makes the cost of parts higher, the ability to obtain the parts more difficult, and the cost of repairs higher. With the cost of parts and materials increasing, the supply chain

disrupted, and the cost of claims being higher, homeowners and consumers are likely to feel a direct impact from tariffs.

For homeowners' insurance, Florida, in particular, may be impacted more greatly than other states due to the threat of hurricanes and the impact of climate change. In recent years, insurance rates in Florida have increased due to the elevated costs of materials and labor, and with tariffs, these rates are likely to increase further. However, in February 2025, Florida Gov. Ron DeSantis announced that average insurance costs charged by Citizens would decrease statewide by an average of 5.6%. Notably, no decreases were announced as it related to premiums. To date, DeSantis has not commented on what impact Trump's tariffs would have on these insurance rate decreases, despite the high likelihood that insurance companies will increase rates.

Similarly, the cost of automobile insurance is likely to rise, as a result of tariffs and other factors. In January 2025, Bankrate published a report indicating that Florida is the state with the most expensive average annual cost for full coverage auto insurance. Not only is Florida the most expensive, but the average cost is 58% higher than the national average. For minimum coverage auto insurance, Florida ranks third nationwide. While it certainly can be argued, credibly, that Florida auto insurance is high as a result of obvious factors such as insurance companies losing money on customers and due to Florida being a no-fault state, tariffs are likely to exacerbate these factors and lead to rate increases. What will be interesting to see is how DeSantis deals with the impact of tariffs, as tort reforms since 2023 have resulted in a decrease in auto insurance rates. Further, in February, DeSantis announced Florida rate reductions from GEICO (10.5% decrease), State Farm (6% decrease), and Progressive (8.1% decrease). At the moment, it is unclear how tariffs will impact these announced rate reductions.

Sunshine State's Reliance on Immigrant Labor

Likewise, many Florida business owners are concerned about the impact of Trump's immigration policy on the labor market and the potential

impact on claims. Florida has a population of approximately 5 million immigrants as of 2023, making up 22.1% of the state's population. According to the Migration Policy Institute there are more than 770,000 undocumented immigrants living in Florida. Also as of 2023, immigrants held 27.7% of jobs in Florida, as compared to the national average of 17.9%, according to the U.S. Census Bureau. The U.S. Census Bureau, in 2021, further found that undocumented immigrants in Florida made up 11% of the state's workforce.

Industries such as health care, retail, tourism, construction, and agriculture are the primary industries that employ immigrants—both documented and undocumented—in Florida. In the agricultural industry, 150,000 to 200,000 migrant and seasonal farm workers and their families travel to Florida each year, according to the Florida Department of Health. The U.S. Census Bureau found in 2021 that 37% of all agricultural workers in Florida were undocumented immigrants. In the construction industry, 23% of construction workers were found to be undocumented immigrants. Service workers were found to be made up of 14% undocumented immigrants.

Notably, in February, DeSantis adopted a measure aimed at supporting Trump's immigration policies during a special session. The legislation was then signed into law on Feb. 13, 2025, creating a State Board of Immigration Enforcement, and allocating \$200 million in immigration-related grants to law enforcement agencies statewide, among other things. This legislation added to DeSantis' 2023 legislative action of Senate Bill 1718, which requires private employers with 25 or more employees to use the federal E-Verify system to check the immigration status of newly hired workers.

Immigration Crackdown Promises Mixed Effects on Workers' Compensation Claims

With a crackdown on immigration nationwide, and certainly in Florida, one can expect a reduction in the number of undocumented immigrants working in Florida with these workers choosing to work in states that are viewed as more "immigrant-friendly," with less risk of being apprehended by the U.S. Immigration and Customs Enforcement (ICE). With a

reduced population of undocumented immigrants in the Florida workforce, the impact is likely to be widespread.

Businesses will assuredly have staffing issues, resulting in many businesses having a delay in completing a project, delivering a good or rendering a service. The reduced workforce for a business will also likely lead to the business having workers who handle too much work, as a means of compensating for reduced employee headcount. Further, businesses likely also will have workers who are tasked with job responsibilities and duties that are beyond the scope of the worker's individual expertise or experience. In both situations, the inherent risk of an individual sustaining a workplace accident will be heightened.

In 2024, Florida had 46,948 workers' compensation claims, according to the Florida Department of Financial Services. These claims, collectively, paid out \$946,016,897 in workers' compensation benefits. With fewer undocumented workers as part of the workplace in Florida, theoretically employers and insurers in the state could see a dip in total workers' compensation claims, as Florida does allow workers' compensation benefits for undocumented immigrants. Conversely, the impact could also lead to an increase in claims, due to the aforementioned heightened risk that workers will face in taking on additional job responsibilities and doing work that the individual may not be appropriately qualified to do.

Immigration Policy Impact on Rates and Premiums

Trump and DeSantis' immigration policies are also likely to impact the insurance industry in terms of rates and premiums. Labor shortages in the construction industry, for instance, are likely to increase the cost of construction and make the completion of individual projects longer. According to the Insurance Journal, this could then lead to higher expenses for insurers, higher premiums, and larger deductibles, to account for the increased cost of construction. Liberty Mutual, in 2023, advised by way of a bulletin that labor is a significant factor in insurance premiums rising in America. Travelers, in 2022, stated the same in a bulletin. The National Association of Insurance Commissioners has echoed this sentiment, indicating that labor can directly impact insurance

rates and premiums. With the consensus that labor shortages—especially in the construction industry—will lead to increased rates and premiums, Florida business owners are likely to see short-term and long-term increases in insurance. These increases will, inevitably, be passed along to consumers and homeowners. At this early stage of aggressive immigration enforcement in Florida, it remains a question as to the degree of increase in insurance rates and premiums. What is not in question, however, is that increases are forthcoming.

What Florida Businesses and Lawyers Can Do to Prepare

With the Florida business landscape already changing due to Trump's tariff and immigration policies, and likely to continue to change for the foreseeable future, businesses and lawyers need to be cognizant of law changes and respective industrywide impacts of the legislation. Businesses need to be aware of federal and/or state legislation pertaining to the hiring of immigrant workers, to protect against civil penalties that are actively and aggressively being enforced. Lawyers who routinely represent these businesses, either as in-house counsel or outside counsel, need to actively follow legislation that is occurring, as same is occurring consistently and frequently. While Florida has routinely been lenient when it comes to the enforcement of immigration laws on businesses, due to the importance of immigrant labor in the state, the mood has changed and enforcement is far more widespread and aggressive. Even a slight change in the law can tremendously impact a business and expose the business to civil penalties.

With regards to the impact of tariffs, businesses should pay close attention to the amount and type of labor needed to effectively run the respective business. While the labor market in Florida is in flux, as it relates to immigrant labor, businesses need to ensure that qualified workers are hired, or, if not immediately qualified, that the workers are appropriately trained for their role. Businesses would be wise to avoid overworking workers, to the extent possible, as this would likely increase the risk of a work accident occurring.

In short, what is evident is that Trump's aggressive legislative approach to tariffs and immigration, even in the first two months of his new administration, is not likely to cease anytime soon and is likely to be persistent throughout the next four years. Businesses and lawyers in Florida need to be acutely aware of legislative changes on a national and state level, to ensure the greatest likelihood of remaining in compliance of the law and mitigating the risk of work accidents.

Joshua Higgins, a founding partner of Cohen Vaughan, focuses his practice on workers' compensation defense and Occupational Safety and Health Act (OSHA) issues. He has previous experience handling the defense of employment law matters, police professional litigation, correctional health care, civil rights claims, and also criminal prosecution.

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