

Press release

US tariffs to slow both global economic and insurance premium growth, says Swiss Re Institute

- **US tariffs affect global economic growth, which is forecast to slow to 2.3% in 2025, down from 2.8% in 2024**
- **Amid unstable policy environment and competitive pressures, both life and non-life insurers see decelerating premium growth**
- **Tariffs impact to hit US motor physical damage hardest, but pockets of underwriting opportunity may emerge**

Zurich, 9 July 2025 – Global growth is decelerating as US tariff policy reduces trade and heightens uncertainty. Consumers and firms have likely already begun cutting spending and investments in response to the uncertainty, which may not be fully visible in the economic data yet. According to Swiss Re Institute's *World Insurance sigma*, global GDP growth (inflation adjusted) is expected to slow to 2.3% in 2025 and 2.4% in 2026 from 2.8% in 2024. The global insurance industry is expected to follow the trend with total premiums expected to slow to 2% this year from 5.2% in 2024, picking up marginally to 2.3% in 2026.

Jérôme Haegeli, Swiss Re's Group Chief Economist, says: "While insurers' profitability outlook is still benefiting from rising investment income, we expect tariffs to slow global GDP growth, and consequently weigh on insurance demand. In the long term, US tariff policy is another move towards more market fragmentation, which would reduce the affordability and availability of insurance, and so diminish global risk resilience."

Tariffs will be a stagflationary shock for the US

The volatile nature of US policy changes under the current administration has ushered in a paradigm shift of diminished confidence in the US government, eroding its status as a "safe haven" for global capital. Consequently, Swiss Re Institute has lowered growth expectations for most major economies in 2025.

After several years of the fastest growth in the US (compared to Canada, UK, Germany, Italy, France, Japan, Australia) post-pandemic, US GDP growth is forecast at 1.5% this year (slowing from 2.8% in 2024). As global supply chains become less efficient and domestic US industries more protected from international competition, US inflation will likely

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move structurally higher on average. Jérôme Haegeli, Swiss Re's Group Chief Economist, says: "US consumers will be hit hardest by US' tariff policy and cut their spending as a consequence of higher prices. This in turn will weigh on US growth which mostly depends on household consumption."

Later in 2026, Swiss Re Institute forecasts a rebound from the 2025 tariff shock, with somewhat firmer growth of 1.8% as the US economy adjusts to a "new normal" of higher tariff rates, supported by a stabilisation in labour market conditions. Over the medium to long term, however, the reduced flow of goods, services, capital and people is expected to pose a structural headwind to potential growth.

In Europe, policy uncertainty alone will weigh on economic activity, and result in unchanged growth at 0.8% this year. US-EU trade negotiations are the main risk to the baseline outlook. However, weaker 2025 growth could give way to a brighter picture in 2026. A more expansionary fiscal stance by the new German government as well as supportive credit conditions due to further interest rate cuts from the ECB should push euro area growth to 1.3% next year. Meanwhile, China's GDP growth is expected to slow to 4.7% compared to 5.0% in 2024 as tariffs and persistent uncertainty disrupt economic activity.

The risks and costs of the accelerating fragmentation of economies and markets may be serious for insurance. Trade barriers and supply chain disruption or reshoring may push up inflation for prolonged periods, feeding into higher claims costs. Restrictions on cross-border capital flows for re/insurers can lead to inefficient capital allocation and higher capital costs, ultimately leading to higher insurance prices and possibly curtailing the insurability of peak risks.

Premium growth slows, while profitability outlook remains positive

After a strong 2024, growth in the global insurance industry is slowing in both life and non-life sectors. Swiss Re Institute forecasts 2% year-on-year total premium growth in 2025 and 2.3% in 2026, about half the growth rate of 2024.

In non-life insurance, intensifying competition in personal lines and softening market conditions across commercial lines, are driving significantly lower premium growth, down to 2.6% this year from 4.7% in 2024. After delivering 6.1% premium growth in 2024, life insurance will slow significantly to 1% as interest rates moderate, with growth to improve to 2.4% in 2026. At the same time, insurers' profitability outlook remains positive due to continuing gains in investment income.

US-motor most tariff-impacted insurance sector

Tariffs will affect the insurance industry differently across geographies. Swiss Re Institute expects greatest impacts in the US, though these should be manageable, and relatively limited effects outside of the US.

The main direct transmission mechanism is likely to be in claims severity, as import costs increase, most notably in US motor and construction lines. US motor physical damage is the most tariff-impacted insurance sector. US tariffs are expected to increase prices for auto parts used for repairs, as well as new and used car prices for vehicle replacement. However, claims severity increases should be modest compared with the post-COVID-19 inflationary impact. US motor repair and replacement costs are expected to grow by 3.8% in 2025. Nevertheless, this is still lower than the annual increase in 2021 (14%) and 2022 (13%).

More positively, tariffs and uncertainty may create some opportunities for insurers. A heightened awareness of risk typically benefits insurers, provided that the economic shock is not severe. This is particularly the case for lines of business offering protection against economic and financial disruption, such as credit and surety insurance. Marine insurance outside the US could benefit from supply chain realignment if other economic blocs increase trade among themselves. Insurance demand could be boosted by growth from fiscal stimulus, for example in China and the EU, as well as potentially looser monetary policies.

World's 20 largest insurance markets by nominal premium volumes, 2024 vs 2023:

Rank	Country	Total premium volume (USD bn)			Global market share	
		2024	2023	% change	2024	2023
1	United States	3,497	3,233	8.1%	44.8%	44.4%
2	China	792	724	9.4%	10.2%	9.9%
3	United Kingdom	485	454	6.8%	6.2%	6.2%
4	Japan	339	363	-6.6%	4.4%	5.0%
5	France	292	264	10.8%	3.8%	3.6%
6	Germany	266	254	5.0%	3.4%	3.5%
7	Canada	181	172	4.7%	2.3%	2.4%
8	Italy	180	157	14.6%	2.3%	2.2%
9	South Korea	176	177	-0.8%	2.3%	2.4%
10	India	141	136	4.0%	1.8%	1.9%
11	Netherlands	99	92	7.0%	1.3%	1.3%
12	Brazil	89	86	3.8%	1.1%	1.2%
13	Taiwan	84	78	8.2%	1.1%	1.1%
14	Spain	81	83	-1.4%	1.0%	1.1%
15	Australia	75	75	0.3%	1.0%	1.0%
16	Hongkong	74	67	11.3%	1.0%	0.9%
17	Switzerland	63	61	3.2%	0.8%	0.8%
18	Sweden	53	44	18.9%	0.7%	0.6%
19	Mexico	51	45	13.5%	0.7%	0.6%
20	Belgium	50	47	5.0%	0.6%	0.7%
Top 20 markets		7,068	6,612	6.9%	90.6%	90.9%
World		7,799	7,276	7.2%		

Source: Swiss Re Institute, 3 July 2025

How to order this sigma study:

The English version of the *sigma* 2/2025, "World Insurance in 2025: a riskier, more fragmented world order", is available in electronic format. You can download it here: [study](#)

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