
Every collision repair estimate written in the United States today carries a cost layer that did not exist three years ago. Auto parts tariffs, specifically the 25% Section 232 duties applied to imported vehicles and components, have now worked their way through the supply chain and are visible in the line items of ordinary repair orders. For most drivers the effect stays invisible until something goes wrong. Then it surfaces as a higher estimate, a longer repair, and in a growing number of cases, a total loss declaration on a vehicle that would have been repaired without hesitation two years ago.

That shift matters far beyond the body shop. Repair cost is the input that drives total loss decisions, settlement math, and the size of the value gap left behind after a car is put back on the road. If you are in a claim right now, understanding where the tariff money is sitting in your file is not an academic exercise.

Where the Tariffs Actually Apply

The automotive tariff structure in 2026 is layered, and the layers do not overlap cleanly. Passenger vehicles and auto parts fall under Section 232 national security tariffs at 25%. The parts duty took effect on May 3, 2025. A separate Section 301 authority applies 100% to Chinese electric vehicles and 25% to most other Chinese automotive categories. Vehicles and components that qualify under USMCA rules of origin still clear at 0%.

The practical exposure is broad because the American parts supply chain is not domestic. More than 30% of auto parts used in the United States come from Mexico and Canada, and a significant share of electronics, sensors, and control modules originate outside North America entirely. The categories most affected by the duties include engines, transmissions, electrical systems, and advanced driver assistance sensors, which are also among the most expensive components to replace after a collision.

A vehicle assembled in the United States is not automatically insulated. Final assembly location tells you almost nothing about where the individual replacement parts on your estimate were manufactured.

How a Parts Tariff Becomes a Bigger Repair Bill

Electronics and Calibration Carry the Most Weight

Analysts at Mitchell International flagged early that the parts duties would push collision repair costs higher, with electronics and ADAS components carrying the heaviest exposure. That prediction has aged well. The share of repairable estimates that now include a calibration operation reached 28.3%, meaning roughly one in four repairs requires a specialized procedure to bring cameras, radar units, and sensors back into factory specification.

Calibration is where small collisions turn expensive. A windshield replacement on a vehicle with a forward-facing camera can run near \$1,200 once the calibration is performed, against roughly \$300 for a conventional glass job. Tariff pressure on the sensor and glass side pushes that number in only one direction.

Cycle Time Is a Cost, Not Just an Inconvenience

Duties do not only raise unit prices. They reshape sourcing decisions, which lengthens the wait for back-ordered components. Longer cycle time means more rental days, more supplements written after the vehicle is already disassembled, and a higher probability that the file crosses a threshold nobody anticipated when the estimate was first written.

Here is where tariff exposure typically shows up on a repair file:

Estimate Area	Tariff Exposure	Effect on Your Claim
Body panels and structure	Steel and aluminum duties, imported stampings	Higher parts total, closer to total loss threshold
Sensors and cameras	Section 232 on imported electronics	Calibration line items added to the estimate
Control modules	Imported electrical systems	Single line items in the thousands
Lighting assemblies	Largely imported components	Common supplement after teardown
Glass	Imported glass plus calibration labor	Small damage, disproportionate cost
Parts availability	Sourcing shifts and back orders	Longer cycle time and rental exposure

The Total Loss Tipping Point

This is the consequence most drivers never see coming. Total loss frequency reached 23.1% of all claims, a record high, while the average repair cost climbed to \$4,818. Nearly one in four damaged vehicles is now written off rather than repaired.

The arithmetic behind that number is simple and unforgiving. Every state applies either a percentage threshold or a total loss formula that compares repair cost against the vehicle's actual cash value. When repair cost rises and vehicle values do not rise at the same pace, more files cross the line. Tariffs push one side of that equation without touching the other.

The composition of the national fleet makes it worse. There are 12 million fewer vehicles six years old or newer on American roads compared to 2020. Older vehicles carry lower actual cash values, which means the repair threshold is reached faster on exactly the cars whose owners can least afford to replace them. Our analysis of [how the aging U.S. fleet is changing total loss and diminished value](#) covers that dynamic in detail.

If you were told your car is a total loss and the repair estimate looked survivable, the deciding factor may not be the damage. It may be the value the insurer assigned to your vehicle.

The valuation side of the file deserves the same scrutiny as the estimate. Insurers rely on proprietary tools to establish actual cash value, and the comparable vehicles those tools select do not always reflect your local market. Our breakdown of [how insurers calculate total loss value](#) walks through the methodology and the common failure points.

What Rising Repair Costs Do to Diminished Value

For vehicles that stay on the repairable side of the line, the tariff story does not end. It changes the record attached to the car.

Bigger Estimates Create Heavier Damage Records

Vehicle history reports do not distinguish between a \$9,000 repair driven by structural damage and a \$9,000 repair inflated by tariffed electronics. A buyer sees a large claim amount and prices accordingly. The market penalty attached to an accident history is influenced by the severity a prospective buyer perceives, and dollar figures are the crudest available proxy for severity.

Parts Substitution Introduces a Second Value Problem

As OEM part prices climb, pressure builds to write estimates using aftermarket or recycled components. Depending on where and how those parts are used, they can affect fit, corrosion protection, sensor performance, and resale perception. A vehicle repaired with non-original structural or safety components is a different asset at resale than one repaired to factory specification, and the estimate is the only place that decision is documented.

Condition, not category averages, is what actually drives the number. Two vehicles with identical year, make, and model can carry materially different post-repair values depending on what was replaced and how. Our piece on [why vehicle condition drives diminished value](#) explains why generic percentage formulas fail here.

That failure has a name in the claims world. Many carriers still default to the 17c formula, a capped internal calculation that produces a number with no relationship to what the market actually takes off a repaired vehicle. The case against it is well documented in our overview of [why the 17c formula is not fair](#).

What Rising Premiums Mean for Drivers

The insurance side has not fully absorbed the tariff impact yet. The average annual full coverage premium actually fell 6% nationally in 2025, and Insurify projected only a 1% increase for 2026 under normal conditions. Insurers used several years of elevated premiums to strengthen their financial position, which allowed them to absorb early tariff costs rather than pass them through immediately.

That grace period has limits. Analysts have flagged that if tariff-driven repair and replacement costs land at full weight, premium increases of 4% or more become realistic. Estimates from the industry put the incremental cost at roughly \$20 to \$50 per repair involving tariffed parts, which is modest per file and substantial across millions of claims.

The direction of travel matters more than the exact number. Rising claim severity is the mechanism that turns tariffs into premiums, and claim severity is exactly what independent appraisal work sits on top of.

What to Do When Your Numbers Do Not Add Up

If you are in an active claim, tariff pressure gives you a specific set of things to verify:

- **Request the complete estimate with part types identified.** Every line should specify whether the component is OEM, aftermarket, or recycled. This is your record of how the vehicle was actually repaired.

- **Confirm calibrations were performed and documented.** If your vehicle has ADAS features and the estimate shows sensor or glass work with no calibration line, ask why in writing.
- **Get the full valuation report on a total loss.** Review every comparable vehicle used, including mileage, trim, condition adjustments, and distance from your market.
- **Do not treat the first offer as a number.** It is an opening position, and the gap between the opening position and a supported figure is often thousands of dollars.
- **Get an independent appraisal before you sign anything.** A settlement release closes the file permanently, including any diminished value you have not yet claimed.

One additional factor is worth knowing about: in many cases the first valuation of your vehicle is produced by software before an adjuster reviews the file at all. Our explainer on [how AI insurance claim valuation decides what your car is worth](#) covers how those systems work and where they consistently miss.

Is Your Estimate or Settlement Reflecting Real Market Value?

Rising repair costs change total loss math and diminished value in ways insurers rarely explain. Get an independent, certified appraisal built on real market data before you accept an offer.

[Get Your Free Quote](#)[Read the Full Article Online](#)

Frequently Asked Questions

Do tariffs on auto parts directly increase what I pay for a repair?

Indirectly, and it depends on your claim. If the repair is covered by insurance, the higher parts cost appears in the estimate rather than your invoice. Where it reaches you is through your deductible on some line items, through longer repair times, and through the increased likelihood that your vehicle is declared a total loss instead of being repaired.

Why would tariffs cause my car to be totaled?

Total loss decisions compare estimated repair cost against your vehicle's actual cash value using a state threshold or formula. Tariffs raise the repair side of that comparison. The value side does not move in step, so more vehicles cross the threshold. This is why total loss frequency reached a record 23.1% of claims.

Can I request OEM parts instead of aftermarket parts on my repair?

It depends on your policy language and your state's regulations. Some policies specify OEM parts for newer vehicles, others allow aftermarket or recycled parts at the insurer's discretion. Ask your carrier for the specific policy provision in writing, and keep the final repair order showing what was actually installed.

Does a more expensive repair mean a larger diminished value claim?

Often, but not automatically. Diminished value tracks what the market takes off your vehicle because of its accident history, which is driven by the nature and location of the damage, the quality of the repair, and the segment your vehicle sits in. A high dollar figure driven by expensive electronics can still influence buyer perception, which is one reason a professional appraisal is more reliable than a percentage rule of thumb.

Will my insurance premium go up because of tariffs?

Premiums are set on claim costs, so sustained increases in repair severity eventually reach policy pricing. Carriers absorbed much of the early tariff impact after several strong years, and the national average premium fell 6% in 2025 before a projected 1% increase in 2026. Analysts have flagged that increases of 4% or more become realistic if tariff costs land at full weight.

How does an independent appraisal help in a tariff-driven claim?

It gives you an objective, documented number that the insurer's software did not generate. On a total loss, that means a defensible actual cash value. On a repaired vehicle, it means a supported diminished value figure. In both cases the appraisal shifts the negotiation from the carrier's methodology to real market evidence.