

If you bought an imported vehicle in the last few years, the tariff landscape of 2025 just changed the math on what your car is worth. New import duties on vehicles and auto parts are reshaping dealer pricing, repair costs, and insurance valuations across the country. For car owners navigating an accident claim or a diminished value dispute, this shift has real consequences that most people are not even aware of yet.

What the 2025 Tariffs Actually Changed

Starting in 2025, the U.S. government imposed significant new tariffs on imported vehicles and components. A 25% tariff on passenger cars manufactured outside the United States took effect, with additional levies on auto parts sourced from key trading partners including Mexico, Canada, the European Union, Japan, and South Korea.

The immediate effect was visible at dealerships. Sticker prices on imported models climbed. Inventory tightened. And the ripple effects moved quickly into the used car market, where values on foreign-nameplate vehicles started behaving in ways that traditional valuation models were not built to handle.

For appraisers and insurance adjusters, this created an immediate problem: the pricing data they rely on was built before these tariffs existed. That lag creates a gap between what your car is actually worth in the current market and what an insurer's system says it is worth.

Key point: Automated valuation tools used by insurance companies pull from historical transaction databases. Those databases have not fully absorbed the tariff-driven price corrections that hit the market in 2025. That means your car may be worth more than your insurer's system shows.

How Tariffs Affect the Value of Your Specific Vehicle

Not every vehicle is affected equally. The impact depends heavily on where the vehicle was assembled, where its parts come from, and how sensitive that model's segment is to supply constraints.

European Vehicles

German luxury brands such as BMW, Mercedes-Benz, Audi, and Porsche are among the most directly affected. Many of these vehicles are assembled in Germany or other European countries and imported whole. The 25% tariff hits their new-car pricing hard, which pushes buyers toward the used market, increasing used-vehicle values for these brands.

Japanese and Korean Vehicles

Toyota, Honda, Subaru, Hyundai, Kia, and others have complex assembly footprints. Some models are built in U.S. plants and are largely unaffected by vehicle import tariffs. Others are imported directly and face the full duty. Within the same brand, two trim levels of the same model can have entirely different tariff exposure depending on final assembly location.

Parts Costs and Repair Values

Even vehicles assembled in the U.S. are not immune. Tariffs on imported parts are driving up collision repair costs across the board. A bumper assembly, a headlight unit, or a sensor module sourced from overseas now costs more. That means repair estimates are climbing, which affects the total loss threshold calculation and can push vehicles into total loss territory that previously would have been repaired.

Vehicle Origin	Tariff Impact	Effect on Used Value
European imports (BMW, Audi, MB)	High (25% on assembled vehicles)	Used values rising due to new-car price pressure
Japanese/Korean (imported models)	Moderate to High	Model-by-model variation based on assembly location
Japanese/Korean (U.S.-assembled)	Low to Moderate (parts only)	Repair costs up; ACV largely stable
Domestic U.S. brands	Low (vehicle) / Moderate (parts)	Parts cost increases affecting repair thresholds
Mexican/Canadian assembled	High (25% tariff applies)	New-car prices up; used demand increasing

The Insurance Valuation Problem

When your car is involved in an accident and a claim is filed, your insurer assigns it an Actual Cash Value (ACV). That number drives everything: whether your car is totaled, how much you get paid, and how much diminished value you can claim after repairs.

The problem is that insurers use automated tools like CCC ONE, Mitchell, and Audatex to generate ACV figures. These platforms pull comparable sales data from the market, but there is always a lag. The tariff disruptions that started hitting the market in early 2025 are not fully reflected in the comp data these systems use. That means owners of imported vehicles are at a real risk of being undervalued right now.

This is not a hypothetical. It is the same structural problem that played out during the COVID-era used car boom, when insurance valuations lagged the market by months and owners who did not push back left thousands of dollars on the table. Understanding **how to spot a lowball settlement offer** is the first step toward protecting yourself.

Diminished Value Claims Are Also Affected

Diminished value is the loss in resale value your vehicle suffers after being repaired following an accident. If your car was worth \$45,000 before the accident and \$38,000 after a full repair, you have \$7,000 in diminished value that you can claim from the at-fault driver's insurer.

In a tariff-distorted market, the pre-accident value of imported vehicles is higher than it was in prior years. That means the diminished value delta is larger. Owners who do not get an independent appraisal are likely underestimating how much they are owed. The breakdown of **diminished value loss by vehicle segment in 2026** shows exactly which categories are seeing the biggest gaps.

How an Independent Appraisal Closes the Gap

An independent appraisal is not just a second opinion. It is a professionally documented market analysis that an insurer is legally required to consider in a claim dispute. When the appraiser's report reflects current market conditions, including tariff-driven price increases, it gives you a defensible number to negotiate from.

Here is what a proper appraisal does differently from an insurer's automated report:

- Uses real-time comparable sales, not a database with a 60 to 90 day lag
- Accounts for market scarcity created by tariff-reduced new-car supply

- Documents the vehicle's pre-loss condition with specificity, including features and options that automated tools often miss
- Produces a formal report that meets the evidentiary standards required in appraisal clause disputes and court proceedings
- Captures increased repair costs that affect total loss thresholds accurately

If you have already received a settlement offer that seems low, you are not locked in. Most auto insurance policies include an appraisal clause that gives you the right to challenge the insurer's valuation. **Getting a higher ACV from your insurance company** is a realistic outcome when the appraisal is done correctly.

What About Electric Vehicles?

EVs add another layer of complexity. Many popular electric vehicles have significant foreign components or are assembled outside the U.S. entirely. Battery supply chains run through Asia, and the tariff exposure for EV parts is substantial. At the same time, EV depreciation patterns are already unusual compared to traditional vehicles. The interaction between tariff-driven value increases and the structural depreciation tendencies of EVs makes appraisal for this segment particularly important. **Electric vehicle depreciation in 2026** is a moving target that generic valuation tools consistently misread.

What This Means for You Right Now

If you own an imported vehicle and you are dealing with an insurance claim, there are three things you should do before accepting any settlement.

1. Do Not Accept the First Offer Without Verification

The insurer's first ACV figure is generated by a system that is, at this moment, likely behind the market on imported vehicle values. Accepting it without checking is leaving money on the table. Research current listings for your specific year, make, model, and trim in your region before engaging with the adjuster.

2. Request an Independent Appraisal Early

The earlier you get an independent appraisal in the process, the more leverage you have. Waiting until after you have accepted a settlement or signed a release eliminates your options. If there is any question about the value your insurer has assigned, get an appraisal before you respond to their offer.

3. Check Your Diminished Value Exposure

If your car was repaired rather than totaled, you may still have a significant diminished value claim. In the current market, the pre-accident value of imported vehicles is elevated. That means the spread between pre-accident and post-repair value is wider than it has been historically. It is worth finding out what that number is before you walk away from the claim.

Is Your Import Worth More Than Your Insurer Says?

Tariffs have changed the market. Your insurer's valuation system may not have caught up. Appraisal Engine provides independent, court-ready vehicle appraisals for diminished value and total loss claims across the entire United States. Find out what your vehicle is actually worth before you accept a settlement.

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Frequently Asked Questions

Does the 2025 car tariff affect my insurance claim if my car was made in the U.S.?

Yes, indirectly. Even domestically assembled vehicles use imported components. Tariffs on parts from Mexico, Canada, and Asia have driven up repair costs, which affects the total loss threshold calculation. If repair costs increase, more vehicles cross into total loss territory, and the settlement amounts involved become larger.

Can I dispute an insurance valuation that does not reflect current tariff-driven market prices?

Yes. Most auto insurance policies include an appraisal clause that allows you to invoke an independent appraisal process if you disagree with the insurer's valuation. An independent appraiser's report documenting current market conditions is your primary tool for challenging a low ACV figure.

My imported car was repaired after an accident. Can I still file a diminished value claim?

In most states, yes, if the at-fault driver's insurer is involved. Diminished value is the gap between what your car was worth before the accident and what it is worth after repair. In the current tariff environment, imported vehicles carry higher pre-accident values, which makes the potential diminished value amount larger. An independent appraisal documents that gap accurately.

How long does an independent vehicle appraisal take?

Appraisal Engine typically delivers reports within two to three business days of receiving the vehicle information. The process is remote-friendly and does not require a physical inspection in most cases. You submit documentation and vehicle details, and the appraiser produces a formal written report based on current market data.

Are luxury European imports the most affected by the 2025 tariffs?

They are among the most directly affected because most European luxury models are fully assembled abroad and imported whole. Brands like BMW, Mercedes-Benz, Audi, and Porsche face the full 25% vehicle tariff. This has elevated both new-car prices and, by extension, used-car values for these brands, creating a wider diminished value gap when one of these vehicles is involved in a claim.