



Q1 2025 MARKET TRENDS

# Surety

With any new presidency comes regulatory and policy changes, especially in years that experience a switch between parties. The president-elect has a history of reducing regulations to promote business growth, mainly in the private sector. Less compliance could impact the need for surety bonds overall, but counterparties will always retain the right to require financial guarantees.

The continued focus on widespread infrastructure progress is expected to increase demand for bonds, but sureties are monitoring signs of labor shortages with expected stricter immigration policies. Labor shortages lead to higher costs and delays, which historically result in claims scenarios.

The surety industry expects to see the most significant impacts in trade, with the aggressive stance on tariffs and renegotiation of trade agreements resulting in increased demand for supply bonds, advanced payment bonds and increased capacity towards customs importer bonds. All principals, including importers and manufacturers, should expect a minimum 25% increase in their customs import bonds, especially those who trade with Mexico, Canada and China.

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The top imports from those countries include vehicles, wood, machinery and plastics, which could all cause immediate supply chain shortages or wide-sweeping cost increases due to tariffs. The market anticipates that construction projects will see similar percentage increases in labor and materials, requiring larger bond needs for historically similarly sized jobs.



## How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving property & casualty program.

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