



TARIFFS AND THE RIPPLE EFFECT: WHY HR AND FINANCE LEADERS SHOULD PAY ATTENTION



Tariffs often dominate the headlines as geopolitical chess moves, but their downstream impact runs far deeper than many employers realize—touching not only the cost of goods, but also business confidence, financial forecasting, and ultimately, people strategies.

At IMA, we're seeing firsthand how tariffs are creating ripple effects beyond supply chains. For HR and finance leaders, these disruptions can feel distant, yet they're **impacting workforce decisions, benefits planning, and employee morale in ways that demand attention.**

Uncertainty is the New Normal: What We're Hearing from the Field

"Everything has been so unknown that the primary impact for us has been on property and casualty renewals," says **Josh Hedrick, Senior Vice President at IMA.** "Clients are projecting much lower revenues since they are unsure of the impact over the next 12 months on product cost."



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Similarly, **Alex Hamilton, Marine Practice Leader at IMA,** notes, "When I ask my clients involved in global trade what they are thinking, the message is pretty consistent: there is just so much uncertainty they are struggling to make any concrete, fact-based decisions."

This uncertainty has created a **ripple effect not just on operations but on people strategies**. Companies are hesitant to invest in capital or inventory—but they're also pausing workforce decisions, benefits planning, and compensation strategies.

Hamilton adds, "Some clients are stockpiling inventories, requiring us to increase warehouse limits which is driving up premium bases on our Stock Throughput policies—but that's a short-term hedge, not a long-term strategy."

Why HR and CFOs Should Care About Tariffs

For HR and finance leaders, tariffs may appear as a supply chain or logistics problem. But the **indirect impacts are landing squarely in your world**:

- + **Delays in workforce planning or hiring freezes** as leadership stalls on forward-looking budgets.
- + **Increased scrutiny on employee benefits costs** as companies attempt to protect margins.
- + **Employee morale concerns** as uncertainty at the top filters down to the workforce.

When tariffs drive revenue uncertainty, **people-related costs—salaries, health benefits, retirement contributions—are often the first line items scrutinized**.

What Insurance Can—and Can't—Do

While no insurance product exists that directly covers tariff exposure itself, **Hedrick notes there is plenty of talk around related coverages**:

- + **Accounts Receivable/Trade Credit Insurance**, which can help mitigate customer default risk if tariffs disrupt payments.
- + **Supply Chain Insurance**, providing coverage if tariffs disrupt production or delivery.
- + **Political Risk Insurance**, offering protection against the broader government actions—like tariffs—that can destabilize global trade.

These are tools employers should **consider as part of broader risk conversations**, particularly those with global operations or supplier dependencies.



How IMA Helps Clients Turn Uncertainty into Strategy

At IMA, we work closely with HR and finance leaders to **help connect these geopolitical risks to people strategies**, ensuring they aren't caught off guard by the secondary effects of tariffs. Our teams support clients by:

- + **Building benefits cost modeling scenarios** that factor in tariff-driven revenue volatility.
- + **Conducting employee communication audits**, ensuring transparency during global business disruptions.
- + **Partnering with CFOs and HR teams to review benefit plan flexibility**, helping businesses adjust thoughtfully without eroding employee trust or engagement.

Our approach isn't to sound alarms—but to **help clients plan for what could happen**, ensuring they have flexibility when global risks show up on the P&L—or the HR dashboard.

Preparing for the Next Disruption—Whatever Form it Takes

While tariff headlines may rise and fall with the political cycle, the **underlying volatility in global trade and supply chains is here to stay**. As Mark Ware, EVP and National Practice Director at IMA, puts it, "Even when tariff discussions cool off, the risks don't disappear. They simply shift—creating new points of pressure for businesses to anticipate."



MARK WARE

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At IMA, we believe that **economic uncertainty and regulatory unpredictability will remain part of the operating environment for the foreseeable future**. Employers who proactively connect these risks to their **people strategies, cost planning, and employee engagement efforts** will be better positioned to adapt—without sacrificing workforce stability or financial clarity.

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