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Monthly *Risk Outlook*

A briefing on emerging risks, trends and priorities for risk and insurance leaders, spanning geopolitics, climate, health, cyber and supply chain exposure.

Turn risk into reward

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Executive summary

This month's risk outlook highlights 14 developments likely to affect technology resilience, energy and cloud dependencies, trade and supply chains, workforce health and safety, regulatory exposure, cyber risk, insurance and business-continuity planning through the second half of 2026.

- Earthquakes across Japan, the Philippines, Chile, Turkey and Greece are creating risks to buildings, transport links, suppliers and essential services.
- US midterm election developments are increasing political, regulatory, oversight and market uncertainty for companies exposed to US policy change.
- Middle East escalation and disruption around the Strait of Hormuz are increasing energy, shipping, sanctions, insurance and supply-chain risks.
- US-Canada tariff escalation is raising supply-chain, cost, compliance and market-access risks across integrated North American trade flows.
- The Russia-Ukraine war is escalating risks to civilian sites, logistics hubs, fuel infrastructure, warehouses and wider regional supply chains.
- Wildfires in Washington, Canada and Greece are disrupting communities, infrastructure, transport routes and emergency-response capacity.
- Severe storms and hurricanes in Japan, Taiwan and Hawaii are highlighting vulnerabilities in transport, utilities, urban drainage and exposed facilities.
- The Ebola Bundibugyo outbreak in the Democratic Republic of Congo is increasing workforce health, travel, duty-of-care and continuity concerns.
- AI growth is increasing pressure on data-center capacity, power grids, cooling resources, cloud costs and operational resilience.
- Regulatory action against Meta may affect digital-marketing channels, platform dependency, data access, child-protection compliance and media-liability exposure.
- Extreme indoor heat in the UK, combined with tighter return-to-office mandates, is increasing workplace safety, productivity, cooling-capacity and service-continuity concerns.
- An Iran-linked cyberattack against a UK power station highlights growing cyber and business-interruption risks for energy and industrial infrastructure.
- Historic low water levels on the Rhine and other European rivers are limiting shipping by river, diverting freight to road and rail, and increasing logistics costs.
- Increased migration pressure at Ceuta may affect border controls, transport flows, local infrastructure, workforce mobility and regional-security planning.

The most immediate risk-management priorities are to map critical technology, cloud, power, supplier and transport dependencies; assess tariff, sanctions and geopolitical exposure; monitor extreme-weather, river-level and public-health developments; protect workforce health and safety; validate insurance readiness; and test coordinated cyber, operational, legal and communications response plans.

Use this outlook to support horizon scanning, supplier and infrastructure reviews, trade and sanctions assessments, cyber and energy-dependency analysis, logistics and public-health scenario planning, insurance discussions and internal risk governance. The table on page 8, Key implications and priority actions for companies, summarises the main takeaways and suggested actions in one view.

01

Global Earthquakes Reported During August 2026

Several significant earthquakes were reported across the world during August 2026. According to Reuters, AP News, BBC, and NHK, multiple regions experienced seismic activity resulting in casualties, infrastructure damage and temporary disruption to transport and essential services. In Japan, strong aftershocks continued following the late July Kyushu earthquake, with NHK reporting additional tremors affecting southwestern prefectures and slowing recovery operations. Reuters reported a magnitude 6+ earthquake in the Philippines, causing landslides and damage to local roads and utilities. AP News covered a shallow earthquake in Chile, which shook coastal cities and prompted precautionary evacuations. Smaller but widely felt quakes were also reported in Turkey and Greece, according to BBC, raising concerns about regional seismic vulnerability.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

These earthquakes create operational and supply chain risks for organizations with suppliers or facilities in affected regions. Seismic activity can disrupt transport routes, damage production sites and delay shipments. Companies with exposure in these areas could monitor local conditions, stay in contact with suppliers and adjust logistics plans when disruptions are likely. They may also review inventory buffers, continuity plans and vulnerabilities in local infrastructure.

Firms could consider seeking expert advice on how to strengthen buildings and critical structures against earthquake damage, especially in high risk regions. In addition, organizations may evaluate whether their insurance coverage, such as Property Damage and Business Interruption provides sufficient protection, and clarify deductibles and exclusions to support smoother recovery after earthquake events.

02

US Midterm Election Developments Increase Political Uncertainty

Recent developments in the US midterm election (now 67 days away) during August indicate rising political volatility and shifting oversight dynamics. According to Hindustan Times, Bank of America strategists warn that the 2026 midterms could become a major turning point for financial markets, with investors preparing for potential policy shifts depending on the election outcome. In parallel, the US Department of Justice announced the deployment of 1 000 election monitors, significantly more than in previous cycles, to strengthen transparency and oversight at polling locations. Legal analysts also highlight that changes in congressional control could reshape committee leadership, subpoena authority and the broader oversight landscape, affecting how investigations into pricing, AI, data privacy, national security and other areas are conducted. These developments underscore how the midterm elections are becoming a focal point for regulatory change and market uncertainty.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

The evolving midterm landscape presents political, regulatory and operational risks for global organizations with exposure to US markets. Shifts in congressional control may influence legislative priorities, oversight intensity and enforcement actions across sectors including technology, healthcare, financial services and national security. Companies could face closer attention from authorities, changes in regulatory interpretation and increased volatility in market conditions linked to election outcomes.

Organizations could review their exposure to policy shifts, update government relations strategies and consider how changes in congressional oversight may affect compliance or reporting. They may also explore regulatory scenarios, track election developments and coordinate legal and communications plans as political attention increases. Strengthening readiness for potential inquiries or regulatory changes can support resilience as conditions evolve.

03

Middle East Conflict and Disruption Risks in the Strait of Hormuz

The current US - Iran conflict around the Strait of Hormuz remains highly unstable, with military escalation, disrupted shipping and conflicting claims about control of the waterway reported by The Independent, 21 August 2026. Iran continues to assert control over the strait, to warn vessels not to use US coordinated alternative routes and attacking ships that bypass its approved corridor. At the same time, US is enforcing a naval blockade and guiding tankers through discreet routes, escorting tankers nightly through a southern channel along Oman's coast to partially restore oil flows. Incidents continue, including vessels struck by projectiles and drone attacks. The Gulf states are involved, with the UAE accusing Iran of missile attacks and suspending all trade and financial dealings with Iran. Iran denies the accusations. Oil prices have risen and US has signaled further economic measures against Iran.

New US financial restrictions were introduced on 24 August according to Reuters and a major sanctions campaign targeting around 60 individuals, entities and vessels connected to Iran's military procurement, cyber operations and petroleum/petrochemical trade. The measures significantly widen sanction exposure for foreign governments, companies and financial intermediaries involved in Iranian commerce, including digital assets, technology, gold, aviation and shipping. Any foreign entity facilitating Iranian money laundering or sanctions now risks losing access to the US financial system.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

This situation poses significant energy, supply chain, financial and geopolitical risks for global organizations. Reduced and volatile shipping through the Strait of Hormuz can drive higher fuel and transport costs, disrupt delivery schedules for energy, chemicals and industrial goods and increase insurance premiums, if at all insurable. Companies may closely monitor developments, assess exposure to Middle East shipping routes and energy price volatility and consider scenario planning for prolonged disruption. Actions may include diversifying shipping routes where possible, reviewing hedging strategies for fuel and energy, engaging with logistics and insurance partners for updated risk assessments and integrating Hormuz related disruption into broader business continuity planning.

04

US Canada Trade Tariff Escalation

Trade tensions between the United States and Canada intensified in August 2026 as Washington imposed 50% tariffs on a broad range of Canadian imports according to CBC News 22 August. The new duties span 569 product categories, including motor vehicles and parts, steel and aluminium, dairy, alcoholic beverages, apparel, furniture, cement, electronics, agricultural equipment and sporting goods. Canada responded by suspending trade talks and announcing dollar for dollar retaliatory tariffs on US goods, effective 8 September 2026, while preparing support measures for affected industries. Canadian officials warned that the tariff package threatens core sectors such as automotive, metals and agriculture.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

The escalation marks the most significant disruption to US - Canada trade relations in years, raising concerns across integrated North American supply chains. The tariff confrontation introduces material supply chain, cost, compliance and market access risks for companies operating in or trading with North America. Companies could take actions such as conducting tariff impact assessments across product portfolios, reviewing supplier and logistics dependencies, evaluating alternative sourcing options, updating pricing strategies and integrating North American trade volatility into broader scenario planning.

05

Russia-Ukraine War: Rising Attacks on Civilian sites and Economic Assets

Russian and Ukrainian forces intensified long range strikes throughout August, causing civilian casualties and widespread infrastructure damage. ISW reported that Russia carried out a major drone and missile attack on 19 August, hitting residential areas, a children's hospital, a school, industrial sites and fuel infrastructure in Kyiv, killing 12 people and injuring 40. Additional strikes targeted Red Cross facilities, food warehouses and logistics hubs across Chernihiv, Odesa, Mykolaiv and Zhytomyr, where a police department strike killed three and injured 53.

Russia also increased attacks on civilian warehouses and storage sites, with ACLED recording 37 strikes across nine regions and 30 fatalities. These actions appear to be a response to Ukrainian drone attacks on Russian commercial infrastructure, including oil refineries and major retailer warehouses. Reuters noted that Russian officials accused Ukraine of opening "Pandora's box" by targeting economic assets and warned of counter strikes on Ukraine's "most sensitive economic sectors."

These developments highlight a continued escalation in the conflict, with both sides increasingly targeting economic and civilian infrastructure, raising operational, humanitarian and geopolitical risks.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

The intensified strike activity presents growing security, operational, supply chain and geopolitical risks for organizations with exposure to Ukraine, Russia or nearby regions. Damage to warehouses, logistics hubs, fuel infrastructure and transport routes increases the likelihood of shipment delays, production interruptions and workforce availability constraints. Cross border targeting of commercial assets also raises concerns about energy price volatility and insurance costs.

Companies may consider monitoring conflict developments more closely, assessing exposure to critical suppliers and logistics nodes in affected regions and reviewing contingency plans for prolonged disruption. Organizations may want to think about geopolitical scenarios where economic sites are struck in return, strengthen crisis communication protocols and ensure insurance coverage, particularly Cargo, Property Damage and Business Interruption, reflects the heightened threat environment.

06

Major Wildfire events: Washington (US), Canada and Greece

Severe wildfires have affected multiple regions across the northern hemisphere during August 2026. According to AP News and Reuters, fires in Washington State (US), British Columbia (Canada) and Greece have triggered mass evacuations, destroyed homes, disrupted infrastructure and put emergency services under heavy pressure.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

These wildfires create operational, supply chain, workforce and continuity risks for global organizations, with disruptions ranging from damaged transport routes and power outages to halted production and reduced workforce availability.

Organizations with operations or suppliers in affected regions could explore ways to stabilize activity and limit disruption. This may include staying in close contact with local suppliers to understand delays, considering alternative sourcing and logistics routes, and reviewing inventory buffers for critical components. Companies could also reflect on their exposure to infrastructure interruptions such as power, water and transport and adjust continuity plans to account for more frequent and severe wildfires, including pressure on public emergency services.

In parallel, firms may benefit from keeping insurance partners informed and reviewing coverage for supply chain, cargo, property and business interruption. Early loss notifications can help ensure insurers open a file if coverage applies.

07

Severe Tropical Storms and Hurricanes in Japan, Taiwan and Hawaii

Multiple severe weather events affected Asia and the Pacific during August 2026. According to Reuters, AP News, BBC, and NHK, a tropical storm made landfall in Japan causing widespread flooding and transport disruption, while Tokyo experienced record breaking rainfall that halted rail services and overwhelmed drainage systems. In Taiwan, typhoon activity near Taipei brought destructive winds, landslides and power outages across northern regions. Meanwhile, Hurricane Lala struck Hawaii, with authorities reporting coastal damage, infrastructure disruption and precautionary evacuations across Maui and the Big Island. These events show that weather is becoming more unpredictable and that cities are under growing strain. Flooded roads, damaged utilities and overwhelmed drainage systems disrupt transport, cause power outages and increase property damage for households. More frequent extreme weather also raises financial pressure on municipalities, slows recovery and exposes long term weaknesses in urban planning and climate resilience.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

Severe weather in Japan, Taiwan and Hawaii created operational and supply chain challenges during August. Heavy rainfall, flooding and typhoon activity disrupted transport networks, delayed shipments and reduced workforce availability. Companies with exposure in these regions could monitor local conditions more closely, stay in contact with suppliers to understand potential delays and adjust logistics plans when extreme weather is forecast. Firms may also review inventory buffers, continuity plans and insurance coverage to ensure adequate protection for facilities, suppliers and transport routes as extreme weather becomes more frequent.

08

Ebola (Bundibugyo Virus) Heightened Exposure Concerns

During August, the Bundibugyo virus outbreak in the Democratic Republic of Congo intensified at an unprecedented pace. WHO's rapid risk assessment (20 August) reports that the outbreak has expanded rapidly since May, reaching 4,566 confirmed cases and 2,128 deaths across six provinces by mid August, with a case fatality ratio of ~47%. Experts warn that the epidemic is expanding faster than any previous Ebola outbreak in the DRC.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

For global organizations with operations in the Democratic Republic of Congo or nearby regions, this development may warrant continued monitoring. Companies may want to follow guidance from international health bodies and local authorities, assess workforce exposure and ensure preparedness measures are in place should the situation further evolve.

09

AI Growth Pressures Data Center Capacity, Costs and Operational Resilience

AI adoption continues to accelerate globally, supported by rapid construction of data centers. According to Yahoo News, "These Current or Planned AI Data Centers Are Bigger Than an Aircraft Carrier" (August 2026), new AI facilities now require electricity equivalent to over 100 000 homes and consume millions of liters of cooling water daily. Some states in the US have paused new projects because the power grid is overloaded, water is running low and the environment is being harmed. These developments highlight significant cost pressures linked to AI services, driven by both the capital investment required to build data centers and the operational costs needed to run them.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

Global organizations increasingly rely on AI for efficiency and automation, creating new dependencies on external data center infrastructure. Rising energy and cooling demands may lead to higher long term AI service costs, while risks such as service interruptions, grid instability, regulatory constraints and vendor lock in remain relevant. Companies could consider exploring their concentration risk in AI providers, how cloud infrastructure reliance affects continuity planning, and how data center dependencies fit into sourcing, resilience efforts and future cost projections.

10

Settlement of $18 billion Forces Meta to Reshape Teen Safety Practices

In August, Meta agreed to a $18 billion settlement with 47 U.S. states over allegations that Facebook and Instagram harmed young users' mental health. The deal imposes court mandated safeguards for teens, including daily usage caps, overnight access blocks, stricter age verification and reduced algorithmic personalization. Additional design changes will be monitored by an independent auditor for ten years. Meta denies wrongdoing, but the settlement marks a major regulatory intervention and coincides with ongoing EU investigations under the Digital Services Act.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

This development poses legal, compliance, operational and third party risk considerations for global organizations relying on Meta platforms for communication, marketing or customer engagement. Potential outcomes include changes to platform features, stricter age verification requirements, reduced data availability, and modifications to advertising tools targeting younger audiences. Companies should monitor regulatory updates closely, assess dependencies on Meta's services, and prepare for potential adjustments in digital marketing strategies and customer facing channels. Organizations may also review their insurance coverages, including Cyber Liability or Media Liability policies, to understand what protection is available if regulatory changes, platform restrictions or service disruptions affect business operations or digital engagement activities.

11

Workplace Safety Risks due to Extreme Indoor Heat Widely Debated in UK and rising Return-to-Office Mandates

Extreme heat affected several regions in August, causing workplace disruptions and concerns about indoor safety. BBC reports noted temperatures in parts of the UK exceeding safe limits, leading to staff fainting, temporary healthcare closures and reduced service capacity. Productivity also declined as buildings struggled to stay cool and cooling systems reached their limits. These developments show how prolonged heat events increasingly impact workforce health, service delivery and the resilience of workplace infrastructure.

At the same time, according to Financial Times, a parallel trend is reshaping workforce risk dynamics: more companies are tightening Return To Office (RTO) mandates and restricting remote work. This tightening of RTO policies is occurring despite rising concerns about indoor heat, ventilation, employee comfort and building performance during extreme weather.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

Extreme heat creates growing operational, workforce and continuity risks. High indoor temperatures can reduce productivity, increase absenteeism, disrupt services and strain cooling systems. Companies may face higher energy costs, temporary closures and rising expectations for safe working conditions.

Organizations could assess exposure to heat sensitive facilities, review cooling capacity and update continuity plans for heat related disruptions. They may also explore flexible work arrangements, monitor indoor temperatures more closely and seek advice on heat resilient building design. Additionally, monitoring well-being at office workplace and investing in workplace improvements that support safety as well as comfort. Reviewing insurance coverage for heat related business interruption can further support financial resilience.

12

Iran-linked Cyber Attack against UK Power Station

A British power station was shut down for four days after an unprecedented cyberattack attributed to hackers linked to Iran. According to GB News 23 August 2026, officials described it as the most successful Iranian affiliated cyber intrusion on UK energy infrastructure to date. The targeted plant was a small scale generator and the outage did not affect the wider national grid.

The shutdown required several days of manual restoration work and prompted government briefings to power sector executives. The incident coincided with a broader wave of Iranian linked cyberattacks on US water infrastructure, underscoring the growing reach of state aligned cyber operations.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

The incident highlights rising exposure to state linked cyber activity targeting energy and industrial infrastructure, including smaller facilities with weaker controls. Localised power outages can disrupt manufacturing, logistics, data operations and service delivery, while regulatory scrutiny of critical infrastructure security is likely to increase. In response, organizations can review dependencies on regional power supply, strengthen cyber security measures for both IT and OT environments, and update continuity plans for multi day energy disruptions. Closer coordination with utility providers, improved incident response protocols and a review of cyber related business interruption insurance can further support operational resilience as geopolitical cyber threats continue to evolve.

13

Disruption of inland waterway transport due to historic low water levels

Exceptionally low water levels on the Rhine and other major European rivers during August have forced logistics operators to divert freight from barges to rail and road. This shift is creating bottlenecks, higher transport costs, and reduced production flexibility for industries dependent on inland waterways according to Reuters August 14 "Rhine water hits new lows, freight transferred to land transport".

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

Low water levels reduce barge capacity, delay shipments and increase freight costs, while shifting volumes to road and rail strains infrastructure and heightens exposure to climate driven logistics volatility. Companies can mitigate this by strengthening multimodal transport plans, securing alternative capacity early, and building strategic inventory buffers. Shallow draft vessels and lighter load strategies help maintain throughput, supported by early monitoring of river levels and geographic diversification of production or sourcing when inland routes are constrained.

14

Increased Migration Pressure at Ceuta, Spain

Since late July and through August, Spanish authorities have reported a sharp rise in migrant arrivals to Ceuta, with several hundred attempts by sea and over border fences. A BBC report notes that instability in parts of North and West Africa and shifting smuggling routes are driving the increase, straining local reception capacity and prompting reinforced border patrols.

The situation also contributes to broader geopolitical tensions within Europe, where rising pressure at external borders fuels political polarization, disputes over burden sharing and renewed debates on EU migration governance.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

Increased migration pressure around Ceuta may disrupt transport, logistics, security and workforce mobility for organizations operating in or moving goods through southern Spain and North Africa. Companies may face delays at border crossings, tighter security controls and pressure on local infrastructure.

Organizations could follow regional developments, consider exposure to transport routes near Ceuta and prepare for possible interruptions in cross border movement. They may also review contingency plans for regional security, workforce availability and supply chain continuity as border control measures evolve.

Companies could reassess security conditions for offices, warehouses and transport hubs in affected areas and stay closely coordinated with local authorities. Clear communication plans may help manage sensitive migration related issues and support ESG and human rights commitments. Remaining alert to regulatory changes affecting labor markets, border controls or compliance obligations.

Key implications and priority actions for companies

KEY IMPLICATIONS	PRIORITY ACTIONS FOR COMPANIES
AI expansion is increasing reliance on data centers, power grids, water-intensive cooling and cloud infrastructure, creating cost, resilience, service-continuity and vendor-concentration exposure.	Map critical AI and cloud dependencies, assess provider concentration, test continuity arrangements and include future energy, cooling and infrastructure costs in sourcing and budget forecasts.
Wildfires, storms, hurricanes, earthquakes, extreme heat and low river levels are disrupting transport, utilities, production, facilities, workforce availability, supplier performance and inland-waterway logistics.	Identify exposed sites, suppliers and logistics routes; confirm lead times, alternative freight capacity and inventory buffers; update emergency, evacuation, heatwave and business-continuity plans; and review property, cargo and business-interruption cover.
Middle East escalation, Strait of Hormuz disruption, Ceuta migration pressure and the Russia-Ukraine war may affect shipping, energy prices, border controls, security, workforce mobility and regional stability.	Monitor geopolitical, border-control and conflict developments; assess route, supplier and energy-price exposure; refresh security and crisis-communication plans; and coordinate with logistics, insurance, legal and government-relations partners.
Regulatory action against Meta and US midterm developments may increase platform dependency risk, legal scrutiny, policy uncertainty, oversight pressure and market volatility.	Track regulatory and political developments, review reliance on Meta and other digital channels, prepare scenarios for policy or platform changes and align legal, compliance, communications and public-affairs responses.
State-linked cyber activity against energy infrastructure highlights growing exposure to IT/OT compromise, localized power outages, manual restoration delays and cyber-related business interruption.	Review dependencies on regional power supply, strengthen IT and OT controls, test incident-response and manual-recovery procedures, coordinate with utility providers and reassess cyber and business-interruption insurance.
US-Canada tariff escalation is increasing supply-chain, cost, compliance and market-access risk across integrated North American trade flows, particularly for automotive, metals, agriculture, consumer goods and industrial equipment.	Conduct tariff-impact assessments, review supplier and logistics dependencies, evaluate alternative sourcing and pricing options, update customs and compliance processes, and include North American trade volatility in scenario planning.
The Ebola Bundibugyo outbreak in the Democratic Republic of Congo may increase workforce health, travel, operational-continuity and duty-of-care exposure for organizations operating in or near affected provinces.	Monitor WHO and local-authority guidance, assess workforce and travel exposure, review health and evacuation procedures, communicate protective measures clearly and ensure continuity plans reflect possible localized disruption.

NEXT MONTHLY RISK OUTLOOK

25 September 2026

LET'S TALK

Questions, reflections or ideas? I would be glad to hear from you. Please reach out at emelie.ekholm@rarconsulting.se, visit www.rarconsulting.se or connect with us on LinkedIn.