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Monthly *Risk Outlook*

A concise 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 a continued concentration of geopolitical, climate, health, cyber, natural catastrophe and supply chain risks that may affect global organizations in the second half of 2026. Key drivers include:

- Japan earthquake disrupting key supply chains
- Policy uncertainty linked to the US midterm election
- Renewed trade measures
- The ongoing Russia–Ukraine conflict
- Instability in the Middle East
- Severe wildfire conditions in Europe
- An active windstorm season
- Emerging health-related exposure risks
- Heightened cyber activity

These developments contribute to market volatility, regulatory uncertainty, operational disruption and supply chain pressure, underscoring the need for strong monitoring, preparedness and response capabilities.

The purpose of this monthly outlook is to provide a concise overview of selected risk developments that may influence corporate decision-making and resilience planning. The topics included are not exhaustive, but they represent areas where recent events or emerging trends could have material implications for international operations, supply chains, workforce safety, insurance considerations and strategic planning. Organizations may use this outlook as an input for horizon scanning, scenario discussions and internal risk review processes.

01

A powerful earthquake in Kyushu, Japan

A powerful 7.1-magnitude earthquake in Kyushu, Japan took place on July 28, 2026 and has caused major infrastructure damage, factory shutdowns, transport disruption and casualties. Based on current reporting (Reuters), this event poses significant operational, supply chain, financial and workforce risks for global enterprises.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

Kyushu is a critical global hub ("Silicon Island") for semiconductors, automotive chips, sensors and electronics. Shutdowns here can disrupt global production cycles, especially for automotive, electronics, telecom and industrial equipment. Global organizations could take actions such as contact suppliers for status updates and expected delays. Activate alternative sourcing and inventory buffers for critical components. Prepare for longer lead times due to equipment recalibration needs.

02

The US midterm election and regulatory uncertainty

The US midterm election on November 3, 2026, now 96 days away, will determine control of the House and Senate for the remainder of the presidential term. Republicans currently hold both chambers, with 53 seats in the Senate and 219 seats in the House (vs. 213 Democrats, 4 vacant). According to Focus Financial Raymond James (8 July 2026), the base case remains a divided government, historically associated with fewer legislative surprises, though the continued use of executive actions may sustain policy uncertainty.

— IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

Changes in who controls Congress can affect rules, taxes, trade decisions, and laws that matter for many industries. Even if the government ends up divided, the use of executive actions can still create sudden policy changes that companies need to be aware of. Because of this, organizations may want to keep the 2026 midterm election on their risk radar, follow the official election timeline, and think about how different outcomes could influence regulation, trade, funding and compliance.

03

Middle East conflict with energy and supply chain risks

According to Reuters (26 July 2026), the US–Iran confrontation has entered a temporary pause:

> *"After 13 nights of intensifying U.S. airstrikes on Iran, the Pentagon suspended the campaign late on Friday, with no U.S. attacks reported on either Saturday or Sunday. Iran, which had been following each night of U.S. attacks with its own strikes on neighbouring countries that host U.S. bases, has also so far held fire for two days."*

The same article explains the pattern of escalation:

> *"For the past two weeks, U.S. forces had been striking Iran nightly in what Washington said was retaliation for Iranian attacks on shipping in the Strait of Hormuz. Iranian forces have responded to the U.S. attacks by launching strikes at water desalination plants in nearby Gulf Arab states. Iran says it aims to retain control of the strait, through which a fifth of global oil flows passed before the war."*

— IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

This pause in strikes comes shortly after reporting that oil prices rose above $100 per barrel, driven by escalating conflict and attacks on Saudi tankers that disrupted key shipping routes. This reinforces the idea that the $100 price level is a threshold signalling severe supply disruption or heightened geopolitical tension. To maintain situational awareness and prepare for potential spillover effects, organizations should actively monitor developments in the Middle East conflict and coordinate closely with key external partners such as banks, insurers, trade advisors and sector-specific experts. Regular engagement with these stakeholders helps ensure that emerging insights are captured early and translated into operational actions, financial planning, and preparedness measures.

04

New US tariffs and global supply chain risks

On July 23, 2026, the US announced new tariffs taking effect on July 24. These global tariffs of 10–12.5% apply to imports from 60 trading partners, including the EU and China.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

Since the first tariff announcements in 2025, the unpredictable nature of US trade actions has contributed to market volatility, with inflation or deflation depending on sector exposure. For companies, these shifting tariff measures increase the risk of supply chain disruptions, changing input costs and sudden policy adjustments that may affect planning and procurement.

05

Geopolitical risk from the ongoing Russia–Ukraine conflict

Organizations with operations in Europe or Asia may want to continue monitoring escalation risks, sanctions developments, such as banking restrictions and transport rules and any cross-border incidents linked to the conflict. The war affects several factors that companies should keep on their risk radar, including oil and gas prices, currency volatility, supply chain stability, human rights compliance and insurance coverage and cost.

06

Extreme wildfire conditions in Europe

Wildfires create risks directly linked to population safety and severe aftermath consequences. For companies, one of the most critical impacts is supply chain disruption when facilities shut down or transport routes are blocked. Even organizations without a physical presence in the affected regions may need to review their supply chain exposure to Spain, France, Portugal, Italy and nearby areas. Workforce availability can also decline due to evacuations, health impacts, or infrastructure damage.

Air, water, and soil are exposed to significant harm:

- Soil erosion and landslide risk as vegetation loss destabilizes slopes
- Water contamination from ash runoff entering rivers, reservoirs, and groundwater
- Air quality deterioration from hazardous smoke affecting employees, communities, and logistics
- Biodiversity loss through destruction of forests, habitats, and agricultural land

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

Companies operating in Spain, France and neighbouring countries may want to monitor scenario developments and prepare for both short-term and long-term consequences. Organizations with potential exposure to wildfires may also seek guidance on preventive measures, such as controlled shutdown procedures for company sites and evacuation plans for employees, but also stress testing their insurance arrangements for wildfires. However, at this stage, with emergency declarations in place, the primary focus remains protecting lives.

As a French Prime Minister stated:

> *"The fires that are hitting our country have reached a level that has never been seen before," (Reuters, via X)*

Data from the European Forest Fires Information System (EFFIS) of the Copernicus Emergency Management Service further illustrates the scale and severity of the situation.

07

Escalating windstorm risk in 2026

Hurricanes, typhoons, and cyclones are all the same type of storm, tropical cyclones, with the name varying depending on where they form. Their seasons differ by ocean basin, which is why global organizations should keep windstorm risk on their radar throughout the year. Smaller but still severe storm events can also disrupt operations and should be monitored by enterprises.

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

The Atlantic hurricane season typically runs from mid-June to the end of November. With expectations of more severe weather events due to climate change, organizations worldwide may want to prepare for increased storm activity. This includes updating storm emergency response plans, reviewing preventive measures, and ensuring adequate insurance coverage, including a clear understanding of insured values, limits, and deductibles.

CNN reported on July 21, 2026, regarding Tropical Storm Bertha:

> *"Tropical Storm Bertha formed in the northeastern Gulf and is expected to hit portions of the Gulf Coast from Florida to Louisiana, potentially reaching as far west as Texas."*

Several institutions and insurers provide real-time storm data, forecasts, and guidance on preparedness and preventive actions. These resources can support companies in assessing exposure, planning for disruptions, and protecting employees and assets.

08

Ebola (Bundibugyo virus) exposure risk for global operations

The European Centre for Disease Prevention and Control (ECDC) reports:

> *"On 10 July 2026, the US CDC reported that a US citizen working for a humanitarian organisation in DRC had tested positive for Bundibugyo virus. The patient was medically evacuated to*

> *Germany on 13 July 2026. Although there are still significant gaps in surveillance and epidemiology, the likelihood of infection for people living in the European Union/European Economic Area (EU/EEA) is considered to be very low. ECDC continues to monitor the situation closely and will update its assessment as new information becomes available."*

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 evolve.

09

Cyber threat landscape: AI incident and espionage activity

Several media outlets, including BBC (25 July 2026), reported:

> *"OpenAI says its AI went rogue and launched 'unprecedented' cyber-attack."*

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

As the investigation continues, organizations may want to monitor updates closely. Incidents of this scale can provide important lessons for cyber-risk management, incident response planning, and information-sharing practices across industries.

CNN also reported on 24 July 2026:

> *"New warnings that Russian operatives are targeting the emails of US nuclear scientists and defense contractors."*

IMPLICATIONS FOR COMPANIES, RISK PREVENTION AND MITIGATION

These developments highlight the ongoing risk of state-linked cyber activity, including targeted attacks on critical sectors. Companies may want to review their cybersecurity posture, strengthen email security controls and ensure that threat-intelligence monitoring is active and up to date.

Key implications and priority actions for companies

KEY IMPLICATIONS	PRIORITY ACTIONS FOR COMPANIES
Supply chain disruption from Japan earthquake, tariffs, conflict, wildfire and storm events.	Map critical suppliers, confirm lead times, identify alternatives and review inventory buffers.
Geopolitical and policy uncertainty affecting trade, regulation, sanctions and energy prices.	Monitor elections, sanctions, tariffs and conflict developments.
Operational disruption and workforce safety risks from earthquakes, wildfires, storms and health exposures.	Update emergency response, evacuation, travel and business continuity plans for exposed locations.
Rising cyber exposure, including AI-enabled incidents and state-linked espionage targeting critical sectors.	Strengthen email security, threat intelligence, incident response and information-sharing procedures.
Insurance and financial exposure from natural catastrophe, market volatility and changing asset values.	Review coverage, limits, deductibles, insured values and claims readiness for key risk scenarios.

NEXT MONTHLY RISK OUTLOOK

28 August 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.