

Outlook 2026

North American Report

From Reactive to Ready: How Risk Management Maturity
Leads to Resilience and Profitability



Table of Contents

3	Introduction
4	Methodology
5	Executive Summary
7	Improving Organizational Risk Readiness
10	Cybersecurity, Technology & AI Risks
13	Enterprise Risk Management (ERM)
15	Reputational & Social Risks
17	Strengthening Resilience Against Macro Pressures
18	Geopolitical Risk
20	Natural Disasters & Climate Risks
22	Regulatory & Legal Challenges
24	Strategically Addressing Cost Pressures
25	Rising Operating & Labor Costs
26	Coverage Gaps & Unaccounted Exposures
29	Increasing Risk Management Maturity & Confidence
30	Where is Your Organization on the Risk Maturity Curve?
31	Ready for Tomorrow
32	About HUB



Introduction

North American business leaders are navigating a perfect storm of rising costs and escalating risks, from technological disruption, legal and regulatory shifts, geopolitical instability and climate threats. **Yet, one-third of organizations in the HUB International 2026 Profitability & Resiliency Executive Survey admitted they're operating without a mature, organization-wide risk management strategy.** In today's volatile environment, that's not just a vulnerability, it's a missed opportunity to build lasting resilience and protect long-term profitability.

Risk management maturity is a measure of how effectively an organization can identify, anticipate and respond to risks. It requires the active participation of everyone across an organization — from executive leadership to frontline employees. Risk-mature organizations understand how a risk-aware culture supports growth and innovation, as well as sets them apart from their competitors. However, many organizations struggle to keep up with the rapid pace of change. Yesterday's solutions may have set the foundation, but advancing risk maturity is what equips leaders to thrive in today's environment.

Risk management maturity is the key to success. An organization's ability to proactively manage risk alongside its overall strategy directly impacts its ability to achieve three interrelated goals:

- **Profitability:** Protecting the bottom line requires a proactive risk management approach that aligns with business strategy.
- **Resiliency:** Disruption is inevitable, but a quick recovery depends on an organization's ability to anticipate, adapt and respond quickly.
- **Vitality:** Employee engagement can be strengthened by addressing the many stressors that impact workplace productivity.

This report covers the major risks facing organizations today and in the future. It provides insight into risk mitigation strategies, levels of leadership confidence and practical guidance for accelerating risk readiness. With HUB as a strategic partner, risk management becomes a driver of profitability, resiliency and vitality.

Read the [HUB International 2025 Workforce Vitality Gap Index](#) for recommendations on how to leverage employee insights and data to enhance wellness, productivity and engagement.

Methodology

Now in its third year, the **HUB 2026 Profitability & Resiliency Executive Survey** provides insights from business leaders around the risks they are most concerned about and what they are doing to manage those risks. HUB surveyed business leaders across the U.S. and Canada, representing 10 industries, with the majority reporting revenues between \$150 million to \$1 billion. The respondents are decision-makers in corporate or risk management leadership roles at both public and private companies, as well as nonprofit organizations that employ 250 or more people.



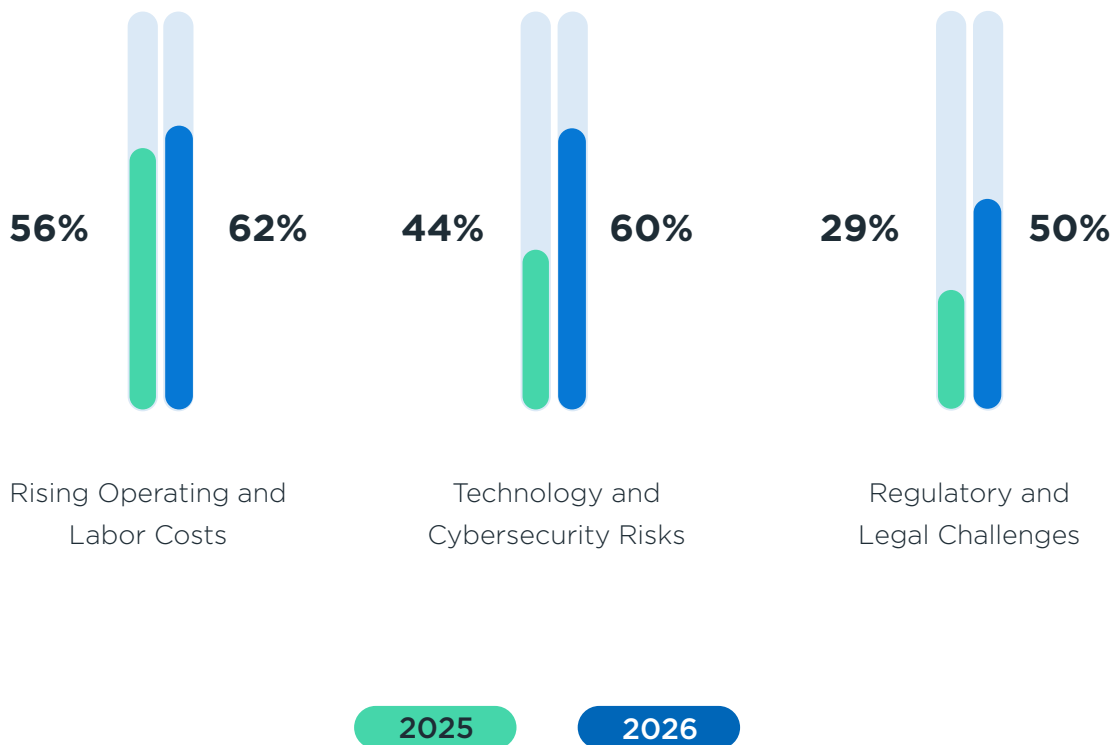
Executive Summary

The **HUB International 2026 Profitability & Resiliency Executive Survey** reveals a consistent trend across North America. Organizations are becoming more risk-aware, but most surveyed are not evolving their risk management strategies fast enough to keep pace with the complexity, severity and frequency of risks.

Looking toward 2026, the top three risks that organizational leaders expect will impact profitability are rising operating and labor costs, technology and cybersecurity risks, and regulatory and legal challenges. Compared to last year, leaders are projecting these risks will even further impact profitability, as seen in the chart below.

The Evolving Risk Landscape

Top Risks Projected to Impact Profitability in 2025 vs. 2026



Key findings include:

1

Rising operating and labor costs are the top pressures on profits for both U.S. and Canadian-based companies again this year, with 92% of respondents believing rising costs are likely to impact profitability. Concern has risen by **6 points since last year, from 56% to 62%**. Overall confidence in managing the risk is also low, with only 22% of U.S. and Canadian leaders citing complete confidence.

2

Technology and cybersecurity challenges have increased sharply since last year's survey and are now recognized as a major risk by respondents. This increase was noted particularly among U.S. leaders. Organizations are least confident in managing technology-related risks, and U.S. businesses are more likely than their Canadian peers to increase their cyber insurance coverage in the coming months.

3

Regulatory and legal challenges show the largest increase year-over-year, rising 21 points from 29% to 50%. While the concern is greater among U.S.-based businesses (55%) vs. their Canadian counterparts (44%), confidence in responding to the risk is among the highest.

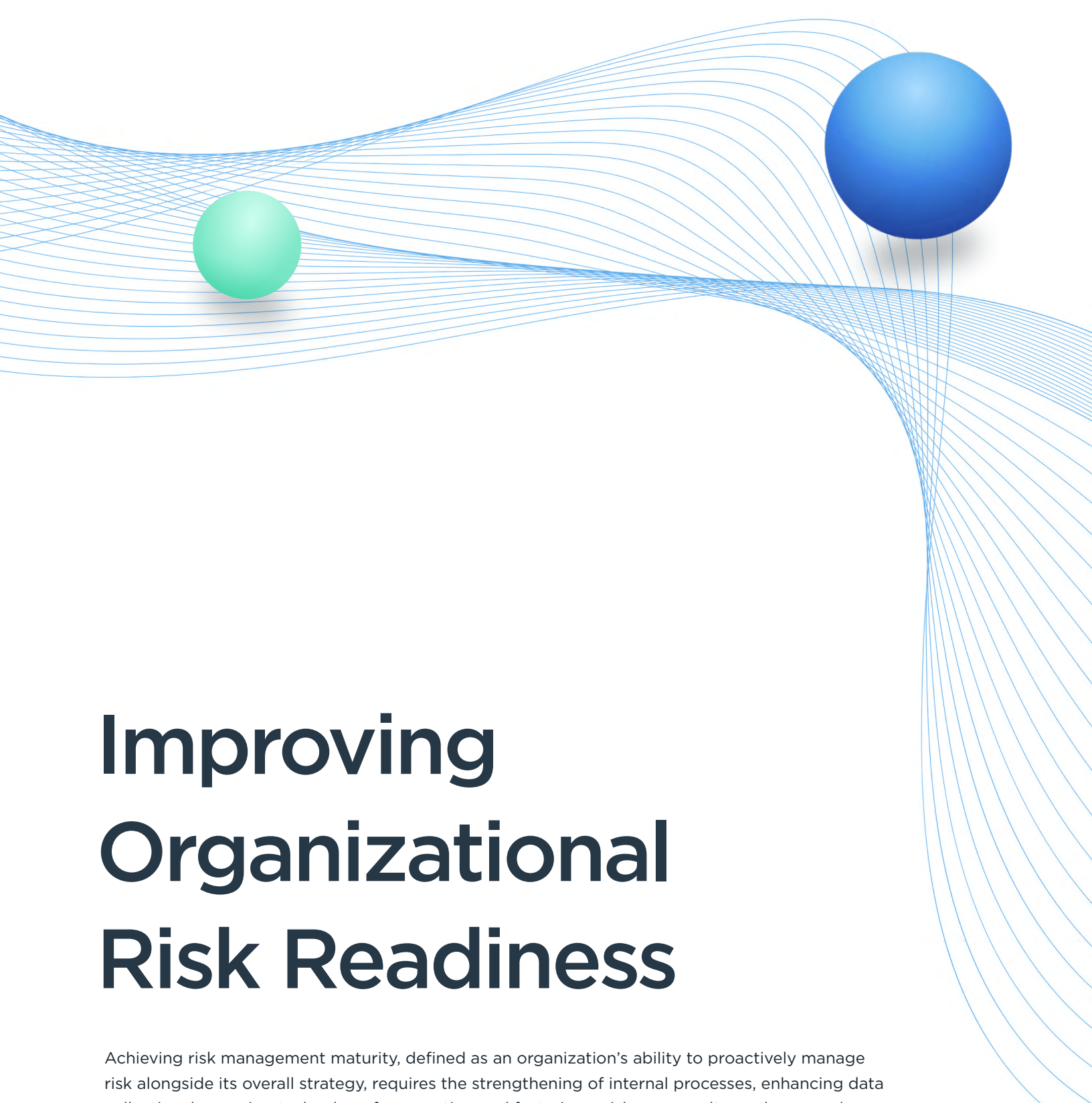
4

Geopolitical risks are viewed as a larger threat than last year. More than one-third (34%) of respondents cited geopolitical risk as a threat to profits compared to last year's survey when only a fifth (19%) identified it as a concern. In response, many leaders are exploring how to increase existing coverage limits. Only 15% of leaders report feeling completely confident managing this risk, and 29% report difficulty finding suitable coverage.

Many business leaders are responding to these risks through insurance and alternative risk solutions, but gaps persist. The survey revealed common shortcomings in how enterprise risk management (ERM) frameworks are applied, particularly in identifying and integrating emerging risks into strategy. One of the most critical gaps is the lack of business continuity planning within ERM programs, leaving organizations vulnerable when disruption occurs.

To obtain a measure of risk maturity, the survey asked respondents to select typical characteristics of risk readiness that apply to their organization. **The results highlight a notable gap: Half of respondents reported operating at only a basic level of risk maturity, focused narrowly on compliance, safety and regulatory risks.** Most organizations surveyed lack the structures and specific risk management expertise to translate risk awareness into an enterprise-wide view of risk, with just 5% reporting characteristics consistent with advanced maturity.

Overall, the survey underscores the need for organizations to advance their risk management maturity and strengthen their ERM framework. An objective, expert-guided approach improves an organization's resilience and its ability to achieve strategic goals. This theme is examined throughout this report.



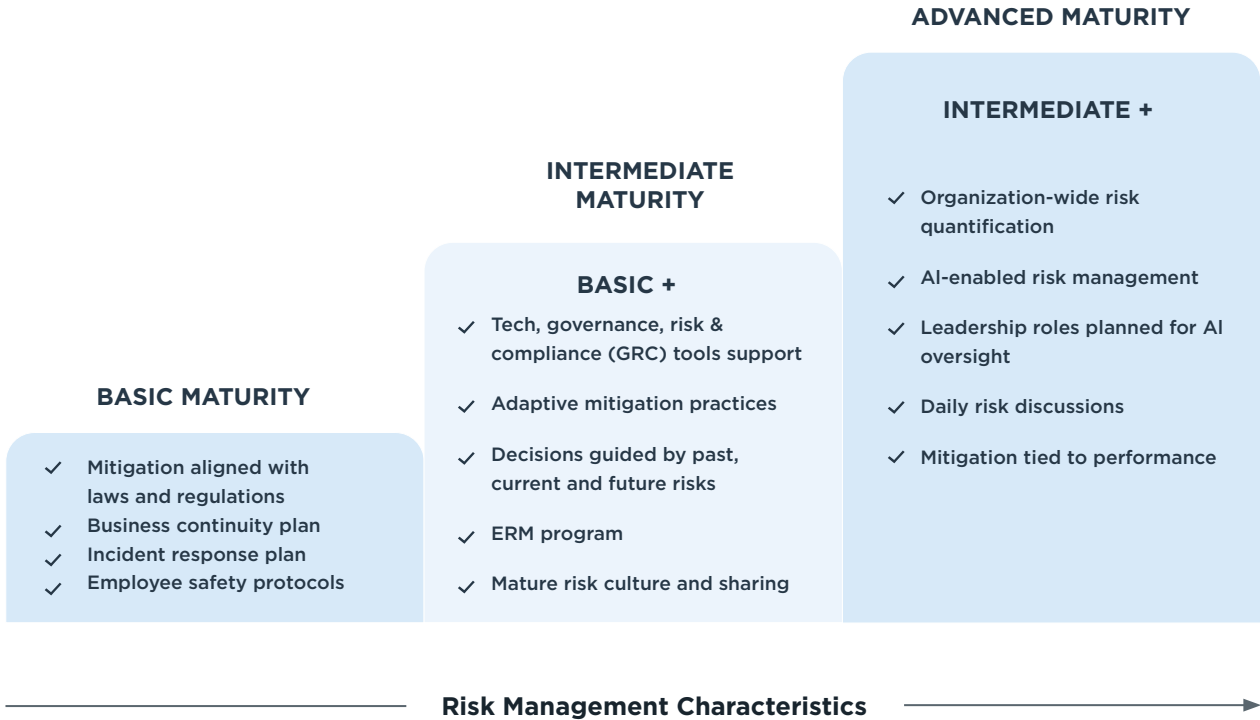
Improving Organizational Risk Readiness

Achieving risk management maturity, defined as an organization's ability to proactively manage risk alongside its overall strategy, requires the strengthening of internal processes, enhancing data collection, leveraging technology for reporting and fostering a risk-aware culture where employees feel empowered to raise concerns and implement solutions.

Risk management maturity models help organizations assess their current state of preparedness and guide them toward a desired goal. Business leaders seeking to advance their organization’s risk maturity leverage proven models, ranging from enterprise-wide frameworks to specialized industry or issue-specific models. These models provide a framework for identifying risks, developing response strategies and strengthening operational recovery — helping organizations move from reactive, ad hoc measures to fully integrated, enterprise-wide leadership.

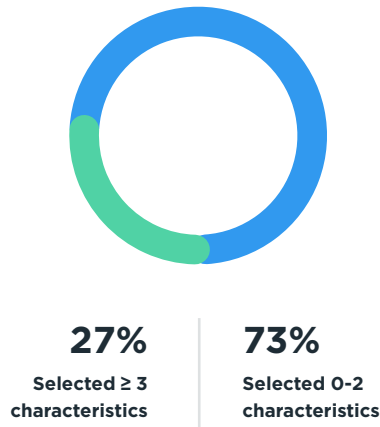
Survey data shows that many organizations lack the structures and specific expertise to translate risk awareness into an enterprise-wide view of risk. Survey respondents were asked to select any or all the following 14 characteristics (see “Risk Management Maturity Levels” chart below) of risk readiness that describe their organization’s approach. These characteristics are commonly associated with varying levels of risk management maturity, according to HUB Risk Services specialists. Based on their answers, respondents were grouped into basic, intermediate or advanced categories.

Risk Management Maturity Levels



As the “Basic Risk Management Maturity Among Organizations” chart on Page 9 illustrates, **73% of organizations surveyed are operating with two or fewer of the four basic risk readiness characteristics** outlined above, indicating a significant gap even at the most foundational level.

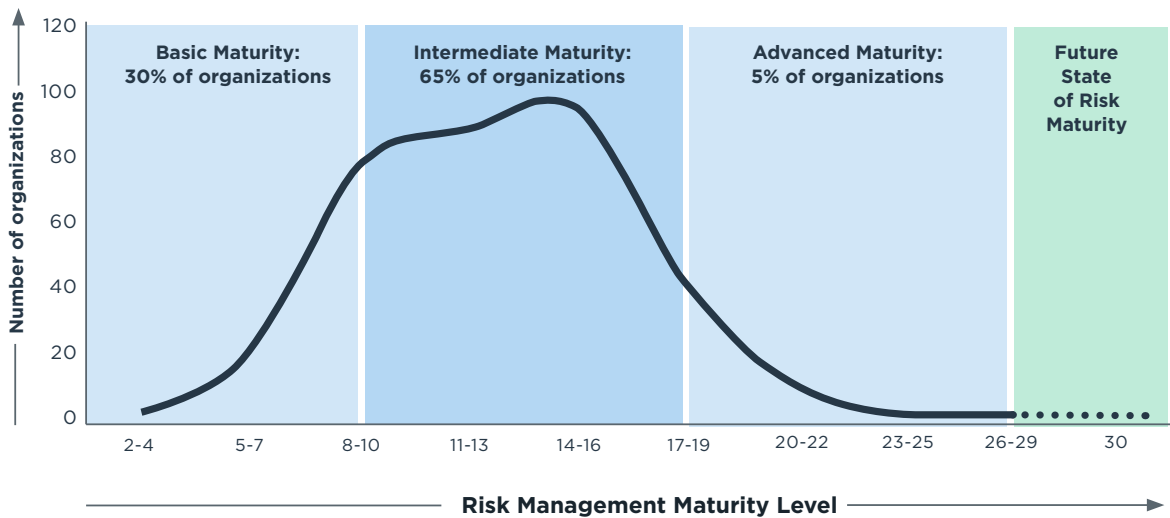
Basic Risk Management Maturity Among Organizations



Nearly three out of four organizations exhibit only two or fewer of the four **Basic Risk Maturity** characteristics, underscoring substantial gaps even at the foundational stage

As shown in the “State of Risk Maturity Across Organizations” chart below, nearly one-third (30%) of organizations have a basic level of risk readiness and **just 5% have characteristics consistent with advanced risk management maturity**. This lack of risk readiness leaves many organizations struggling to keep pace in today’s constantly evolving business environment, where agility and resilience are essential for success. As risk maturity continues to advance, those without foundational capabilities risk falling even further behind.

State of Risk Maturity Across Organizations



To advance organizational readiness, business leaders need to build risk management expertise and rely on a recognized risk maturity model to guide their efforts. As leaders work to advance their overall risk readiness, certain categories of risk stand out as especially important in today’s environment. Cybersecurity and technology risks are rapidly evolving challenges that will test the integrity of an organization’s ERM framework.

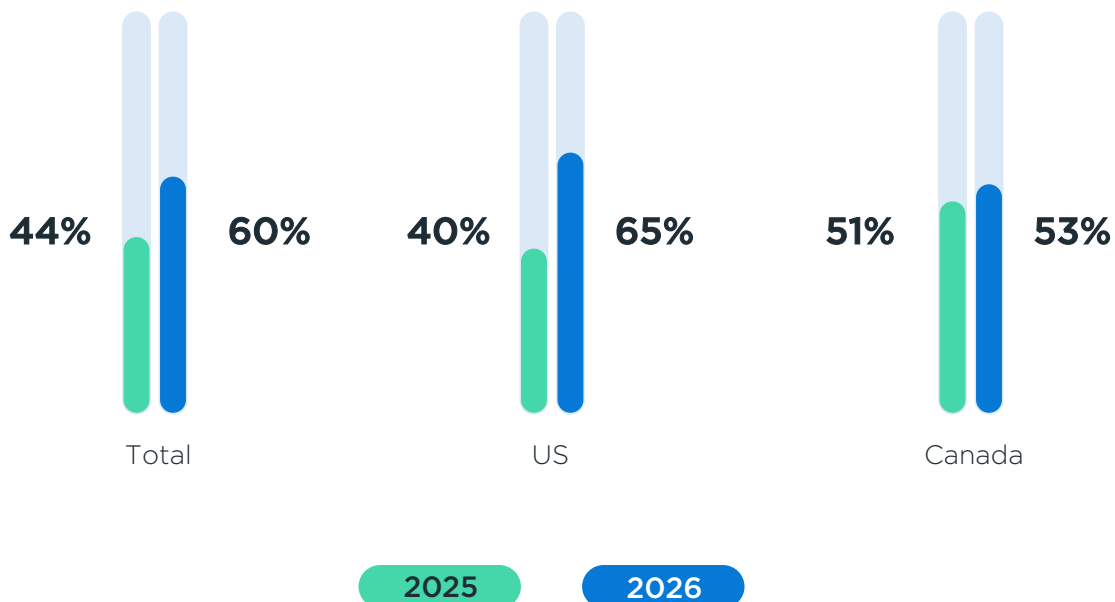
Cybersecurity, Technology & AI Risks

Leaders are increasingly concerned about their ability to manage technology and cybersecurity risks, particularly at a time when many are being tasked with building robust AI governance plans.

As the chart below illustrates, **60% of respondents across industry sectors ranked this risk among the top three threats to their organizational profitability** this year, compared to fewer than half of respondents (44%) last year. This increase was driven primarily by concern among U.S. leaders, rising 25 points from 40% to 65%.

Artificial intelligence (AI) is being widely adopted within organizations, but AI security, governance and access control are lagging. While the majority of AI-related claims come from AI-assisted social engineering fraud, it is anticipated that insurance underwriters will increasingly focus on company policies and procedures related to the use of third-party AI partners. There is a small but potentially growing trend by insurers to exclude AI coverage from existing liability coverage lines, such as Directors & Officers (D&O) and Errors & Omissions (E&O), and focus on developing dedicated AI coverage.

Technology and Cybersecurity Risk in 2025 vs. 2026

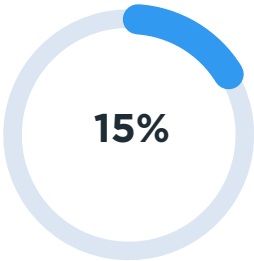


91% of survey respondents expect that technology and cybersecurity risks will impact their profits, yet only 21% feel completely confident in their company's approach to mitigating this risk.

When cyber incidents occur, organizations without clear recovery frameworks face longer disruptions — a reminder of how critical preparation is to protect both finances and reputation. Cybersecurity and technology risks are not just IT problems; they represent existential business threats. **Advancing risk maturity means investing in strong data governance, continuous employee education, as well as dedicated incident and disaster response plans that are fully integrated into a broader enterprise risk management framework.**

While survey results show that risk accountability lies primarily with the risk manager or ERM function (67%), followed by legal (52%) and the full leadership team (46%), **only 15% of survey respondents agree that risk management is a shared responsibility across all employees.** This accountability gap leaves organizations exposed when it comes to cybersecurity risks.

Risk Accountability Within the Organization



of organizations surveyed recognize that every employee has an important role to play when it comes to mitigating risk

Cybersecurity must be a shared responsibility across the entire organization with all employees properly trained to be the first line of defense against social engineering, malware and increasingly sophisticated AI-driven fraud.

Case Study

Improved Cyber Risk Readiness Results in Premium Decrease

In advance of their upcoming renewal, a HUB client who wanted to improve their cybersecurity program utilized tabletop exercises offered by their insurance carrier as a policyholder benefit. The tabletop exercises enabled them to identify gaps in processes, response plans and communications leading to actionable steps for improving resilience. As a result, the carrier reduced the premium on the client’s primary cyber coverage and excess layers. The client also engaged with HUB analytics experts who quantified their risk, developed potential loss scenarios and recommended an increase in coverage limits. By fully leveraging carrier and broker resources, the client improved their insurance program and cyber risk readiness.

How to Advance Risk Management Maturity: **Cybersecurity, Technology & AI Risks**

- o Incorporate cybersecurity protocols (prevention, rapid detection and strong governance) into ERM, rather than treating it as a siloed IT issue.
- o Implement a comprehensive Business Continuity Management System (BCMS) that integrates:
 - Cybersecurity Incident Response Plans (IRP)
 - Crisis management, including tabletop and mitigation planning exercises
 - Business Continuity Plans that are routinely tested and rooted in robust business impact analyses (BIA)
- o Assess the adequacy of cyber insurance coverage limits. Market capacity for this coverage is readily available, but organizations need to demonstrate compliance with regulatory requirements and strong internal governance to pass underwriting scrutiny.
- o Use advanced cyber risk quantification and benchmarking tools like CyberCube to help determine the appropriate coverage limits needed. HUB's proprietary CyberSCORE modeling is also available for businesses with more complex cyber risks.
- o Use a third-party assessment tool such as BitSight vulnerability scanning to assess current cybersecurity and identify exposures and hidden risks. Vulnerability scanning is extensively used by insurance carriers for cyber insurance underwriting.
- o Be aware of any new AI exclusion language in existing policies at renewal.
- o Utilize policyholder services and resources offered by cyber insurance carriers to strengthen cybersecurity posture and achieve a favorable renewal outcome.
- o Offer cyber protection to employees to help them protect their identity and devices and make it harder for hackers to steal personal information, as well as company information for those who work remotely.



Enterprise Risk Management (ERM)

ERM is an essential tool for navigating today's fast-evolving risk landscape. At its full potential, it delivers a 360-degree view of an organization's unique risk exposures, breaking down silos and enabling risks to be managed in an integrated, enterprise-wide manner. The insights generated through ERM help ensure alignment and accountability across the organization, from the C-suite to front-line employees.

Yet, there are significant differences in how ERM is implemented. **Despite 61% of organizations reporting a formal ERM system — a figure unchanged from last year — gaps remain in risk evaluation, tracking and mitigation,** as shown in the visuals below.

Gaps in Enterprise Risk Management Approaches



ERM is a collective responsibility that engages stakeholders across all levels of the organization. Core contributors include the board of directors, executive leadership, the risk management function and senior leaders from key areas such as IT, HR, finance, legal and operations. Effective ERM requires collaboration not only from the top down, but also from the bottom up and across functions. Equally critical, a strong risk culture depends on awareness, accountability and active participation from employees throughout the organization.

At its most advanced, ERM moves beyond safeguarding the organization. It becomes a source of competitive advantage, equipping the business to embrace and manage risks that others may be unable to take on.

When it comes to measuring Total Cost of Risk (TCOR), many leaders acknowledge they do not have a complete financial snapshot of their organization's risk profile. Separately, when asked about the defining characteristics of their risk management approach, **most organizations surveyed (78%) said their primary focus is compliance with laws and regulations.**

Additionally, while most respondents include in their calculations the losses beyond insurance limits, legal/regulatory risks and fixed costs, only 31% factor in reputational risk. While difficult to quantify, reputational risk presents a significant exposure and, in some cases, an opportunity to shine, as illustrated in the following case study.

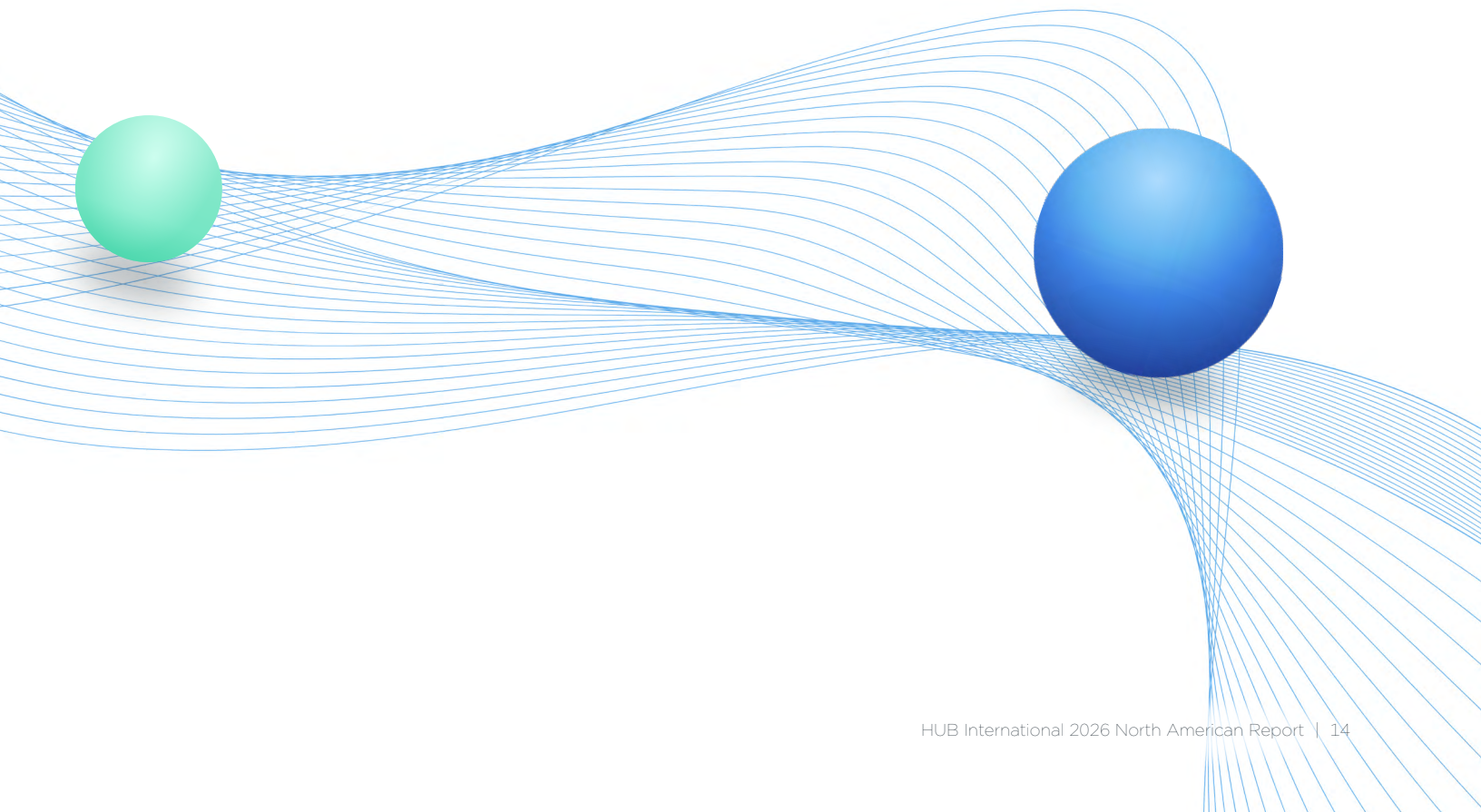
Case Study

ERM in Action

When a major hurricane disrupted power and communications in the southeastern U.S. wqa regional bank was prepared, thanks to its strong enterprise risk management (ERM) and business continuity plan (BCP). Following the clear protocols in the organization's BCP, it became the first financial institution in the region to reopen. The bank also delivered immediate financial support to affected employees, boosting morale and loyalty. While its competitors scrambled to recover, the bank's proactive ERM strategy preserved customer trust and positioned the bank as a leader when it mattered most.

Entertainment & Sports and Hospitality organizations reported the lowest adoption of formal ERM programs (51%).

For additional insights into what to expect in 2026, explore our [industry-specific Outlook reports](#).



How to Advance Risk Management Maturity: Moving ERM Beyond Basics

- o While there is no single strategy or solution to advance ERM effectiveness, organizations can enhance their resilience by focusing on:
 - Strengthening individual management disciplines that manage risk within the organization in an integrated and coordinated manner.
 - Building a risk-aware culture that ensures the organization remains responsive and competitive.
 - Increasing the adaptive capacity and ability to manage change across the organization.
- o Each of these strategies play an important role in building a resilient organization and has the greatest impact when implemented as an integrated strategic framework.
- o Resilient organizations use their financial, technical and social resources to develop long-term skills and competencies in an efficient, reliable and flexible manner to manage challenges and exploit opportunities.*

Reputational & Social Risks

Reputation is among an organization's most valuable assets — and one of the most difficult to measure or safeguard. Survey results show that most leaders (69%) feel confident in their ability to mitigate reputational risks, with Canadian respondents more confident than their U.S. counterparts.

Enterprise risks can also rapidly evolve into reputational threats, making proactive reputation management a critical component of any enterprise risk management (ERM) strategy. How a company responds to crises, whether a data breach, workplace incident, product failure, leadership decision or supply chain disruption, often shapes public perception and ultimately determines whether its reputation is strengthened or undermined.

Reputational risks can be amplified by internal vulnerabilities. Common drivers include operational breakdowns, leadership or employee misconduct, as well as poor handling of an incident, all of which can quickly escalate into media attention and public scrutiny, making proactive reputation management essential to preserving trust.

*International Consortium for Organizational Resilience, "The Resilience Framework: Organizing for Sustained Viability," 2018

Working with a strategic risk partner can help leaders identify vulnerabilities, evaluate appropriate insurance coverages and design proactive strategies through a mature ERM approach. This partnership helps organizations remain agile and responsive when unexpected events occur.

Organizational risks frequently arise from the actions of employees and leaders, making employment practices liability insurance (EPLI) and executive/professional liability insurance, also known as errors and omissions (E&O) insurance, one of the critical tools for managing this exposure.

Integrating reputational exposure into total risk calculations, ERM strategies, liability and insurance portfolios are critical steps. The ability to effectively account for — and protect — reputational equity is one of the areas where the risk maturity curve is steepening significantly faster than many organizations are climbing.

How to Advance Risk Management Maturity: **Reputational Risks**

- o Build a risk-aware culture that is observant of and adaptable to a rapidly changing business environment. This must extend well beyond cybersecurity and technology to include climate change, social disruption, workforce shifts, regulatory changes and the evolving global economy.
- o Develop and enforce a clear code of conduct for all employees and ensure it is consistently aligned with organizational values.
- o Foster resilience as a strategic advantage by routinely discussing current and emerging risks at all levels of the organization. In a world where the velocity of change is unprecedented, agility is essential to survivability.
- o Have a comprehensive crisis communications plan as a key element of an ERM program to ensure a fast, transparent and coordinated response when disruption occurs.
- o Protect employees from political unrest who are stationed in foreign countries or who travel on business. Have an emergency management and evacuation plan in place.
- o Embrace strategic risk management as a culture, not a playbook. While no organization can predict every disruption, those that continuously map a way forward and treat change as opportunity will be better positioned to protect reputation, maintain trust and thrive.



Strengthening Resilience Against Macro Pressures

Changing regulations, geopolitical instability and environmental risks will continue to pressure profits and stability in 2026. These challenges are interconnected, and organizations cannot only assess these risks individually. They require a strategic ERM approach, in partnership with experts who understand the ways to simultaneously leverage insurance in a global marketplace and climb the risk maturity curve to protect profitability, together with building resiliency.

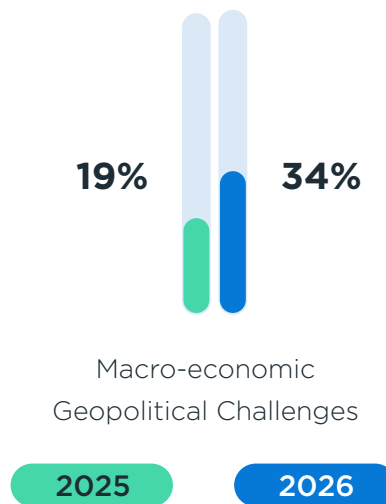
Geopolitical Risk

More than one-third (34%) of respondents cited geopolitical risk as a threat to profits compared to last year's survey when only a fifth (19%) identified it as a concern, as shown in the chart below. In response, many leaders are exploring how to increase existing coverage limits. Confidence remains low with just 15% feeling completely confident in managing this risk and 29% reporting difficulty finding suitable coverage.

Fewer than half of financial institutions (43%) report difficulty finding suitable insurance to protect against macroeconomic and geopolitical risks.

For additional insights into what to expect in 2026, explore our [industry-specific Outlook reports](#).

Geopolitical & Macroeconomic Risks as a Threat to Profits 2025 vs. 2026



Geopolitical challenges can be mitigated by partnering with insurance brokers and risk management advisors who understand global risk dynamics. For example, political risk insurance policies are far more likely than marine cargo insurance to cover goods seized at a port in a foreign country due to political expropriation, international sanctions and confiscation related to a trade dispute. This is because most marine cargo policies include a Free of Capture and Seizure (FC&S) clause that excludes such claims.

There are many areas where coverage would apply, such as government expropriation of assets like construction equipment, seizures tied to new international sanctions imposed mid-shipment and confiscation resulting from retaliatory tariffs in trade disputes. In each case, specialized political risk or export insurance enabled recovery, where standard cargo policies would have denied claims.

Whether expanding internationally or seeking to protect existing supply chains, organizations need to engage the help of experts in appropriate risk mitigation strategies, as well as management of international trade in politically risky regions.

How to Advance Risk Management Maturity: **Geopolitical Risk**

- o When expanding internationally, conduct a thorough risk analysis of the local infrastructure in a region before moving forward.
 - Continue to stay attuned to evolving geopolitical hotspots and potential risks to people and operations.
- o Lean on the power and resources of your U.S. or Canadian broker to coordinate coverage with best-in-class international partners for your specific needs.
- o Consider political risk insurance (PRI) to protect against financial losses from political violence, contract frustration, sovereign payment default or government actions, such as confiscation and expropriation. PRI also helps organizations secure access to business loans.
 - In some cases, TRIA (Terrorism Risk Insurance Act) could also be considered as needed.
- o Conduct vendor assessments prior to establishing supply chain partners.
- o Consider trade credit insurance to protect balance sheets if customers fail to pay for goods or services on credit.
- o Anticipate potential risks to employees who travel internationally on business. Pre-travel training, real-time monitoring and emergency response plans will help keep them safe.
- o Conduct a vulnerability or stress test of your supply chain, as part of an overall ERM strategy and uncover alternative strategies, such as rerouting shipments or activating backup suppliers.
- o Integrate geopolitical risk management protocols into the organization's ERM framework to enable a holistic response to threats alongside other business risks.



Natural Disasters & Climate Risks

Business leaders also view climate-related risks among the top threats to profitability for 2026, yet many organizations can improve their risk mitigation efforts.

47%

of business leaders ranked environmental and climate-related risks among the top threats to profitability

Only 21%

indicate that they are extremely confident to handle this risk

Nearly half of organizations (48%) risk prolonged downtime after a major property loss because they lack formal, detailed business continuity plans. Among those that do have plans, fewer than half conduct quarterly evaluations or stress tests to ensure effectiveness. For example, given the complexity of today's supply chains, organizations face hidden risks from their indirect suppliers. Compounding this vulnerability, many organizations operate without built-in redundancy, meaning that even a temporary disruption could have lasting negative impacts. The challenge is heightened by the effects of the hard market, which forced many organizations to retain more risk in recent years — leaving them now further unprepared for the risks ahead.

Natural catastrophe and climate-driven insurance losses are expected to continue in 2026 with significant pressure on property and casualty lines of coverage.

Wildfire, hurricane and flood risks remain top of mind for insurance underwriters. However, they are especially concerned about the increase in severe convective storms in the central U.S. and prairies region of Canada. Consistently among the most damaging and costliest natural disasters in the U.S., convective storms are also shifting eastward into more densely populated areas.

Organizations in the agribusiness industry cite natural disasters and climate risks as their top concern, with 61% planning to expand catastrophic perils insurance in the next six months.

For additional insights into what to expect in 2026, explore our [industry-specific Outlook reports](#).

How to Advance Risk Management Maturity: **Climate-Driven Risk**

- Invest in protective building materials, such as impact-resistant roofs, shatter-proof glass and flood control systems, where appropriate.
- Update property insurance replacement costs annually to reflect rising expenses and property values, as well as implement a multi-year plan to stay on top of building maintenance. Engage HUB resources to run Corelogic Replacement Cost Valuation Reports and formal appraisals where needed.
- Get advice on how to conduct a business impact analysis and better understand the potential consequences of self-insuring risks. Engage HUB resources to develop a Stochastic Cost of Risk (SCORESM) model.
- Review existing business interruption coverage with a view to maximizing indemnity periods or consider expanding to a 24-to-36-month policy in order to support a full recovery from a catastrophic event.
- Explore supplemental alternative risk strategies, such as parametric insurance, catastrophe bonds and captive insurance, if unable to secure adequate property insurance. Parametric insurance delivers fast, pre-agreed payouts triggered by measurable events, such as storms, floods or hurricanes.
- Leverage HUB's Disaster Recovery Services to design and implement resiliency and recovery plans.
- Ensure that climate-related risks are incorporated into the organization's ERM framework to ensure cross-functional collaboration and enhanced emergency response.
- Use catastrophe (CAT) modeling to quantify exposures, strengthen valuation and forensic processes as part of risk maturity.
- Get real-time guidance from HUB's Organizational Resilience team when supply chains are impacted by a disaster.
- Minimize exposures with the help of a dynamic inventory solution and a broker who can quickly update current policies.
- As part of a comprehensive business continuity plan (BCP), have a "people plan" in place to support employees in the event of a disaster. Among other things, the plan should help employees access their medical, pharmacy and employee assistance program (EAP) benefits.
- Choose a broker who has a plan to strategically manage claims, reduce total cost of risk and minimize the long-term impacts of major claims. Know who your designated claims adjuster is so you can be briefed on your policy and the claims process prior to any loss.

Regulatory & Legal Challenges

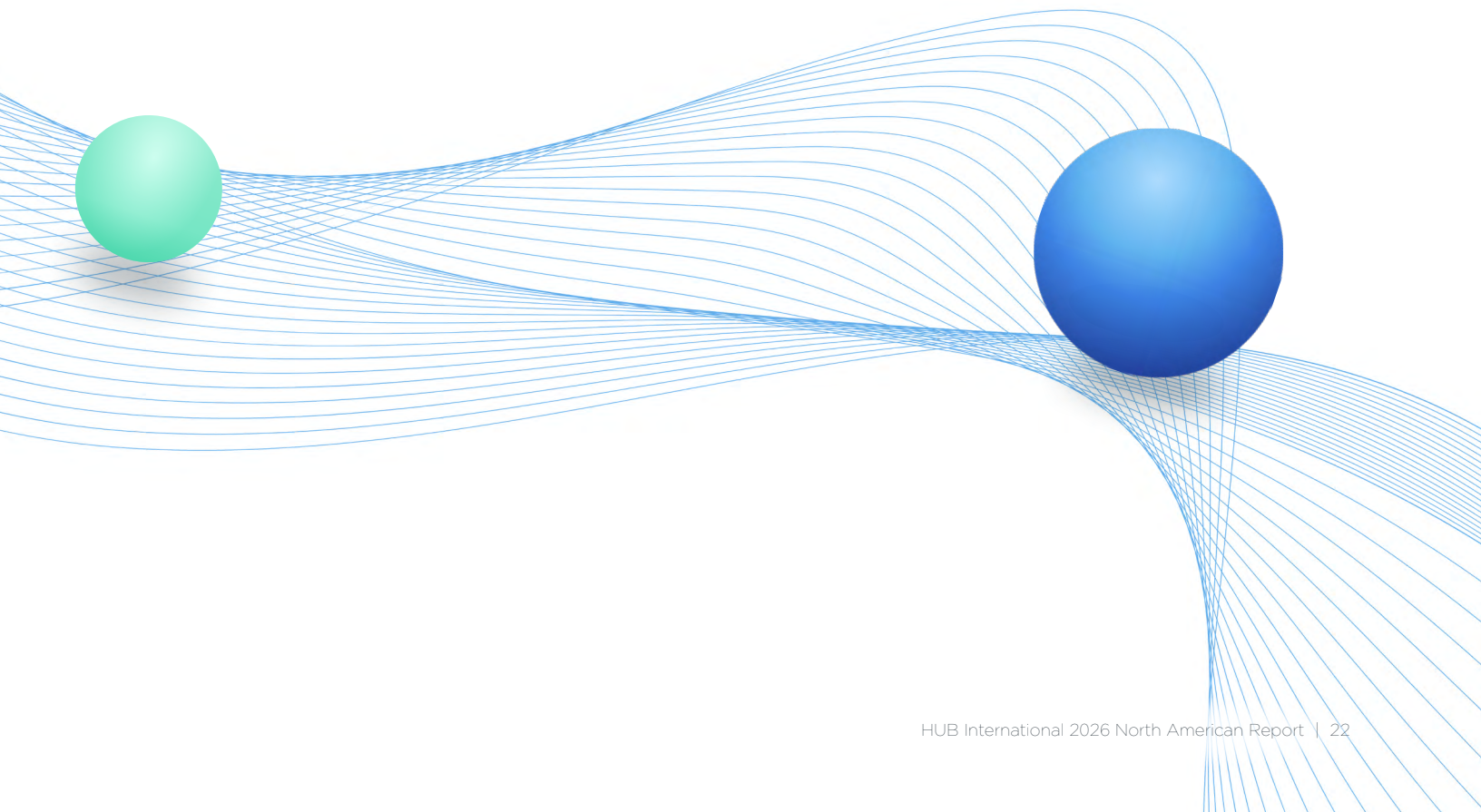
Leaders believe that regulatory and legal challenges are the second most likely factors to impact profitability in 2026; yet just a quarter feel completely confident in managing these pressures.

Cybersecurity, artificial intelligence, data privacy, environmental and corporate governance are among the fastest-growing areas of regulation affecting companies in the U.S. and Canada. Both federal and state/provincial governments, spurred by new technology and public demand, are faced with evolving compliance standards.

Regulatory changes and increasing litigation create a complex environment where legal challenges are compounded by the erosion of public trust and nuclear verdicts. While HUB sees an overall trend toward clients increasing liability insurance coverage, organizations that contemplate scaling back D&O, EPLI, cyber or environmental coverages should assess the risks and tradeoffs with an experienced broker.

Regulatory changes can have far-reaching impacts on an organization's supply chain and further compound its existing geopolitical and technological risks. Mature organizations are stress-testing for interconnected shocks, recognizing that a single regulatory shift can have ripple effects across operations and profitability. To keep climbing the risk maturity curve, organizations will need more than policies that protect against today's risks. They require side-by-side partnerships that connect portfolios with long-term strategy.

Strengthening resilience against regulatory changes is vital, but organizations must also contend with a parallel pressure: the steady climb of operating and labor costs.



How to Advance Risk Management Maturity: **Regulatory & Legal Challenges**

- o Strengthen board of directors' oversight and governance by integrating regulatory, cyber and employment risks into board and committee agendas. Provide regular updates on emerging regulations.
- o Model compliance and transparency in executive actions. Document board and management oversight efforts to demonstrate diligence in the face of regulatory inquiries.
- o Map regulatory requirements across jurisdictions (federal, state, international) and centralize oversight, as well as monitoring to reduce unexpected liability losses. For example, monitor environmental regulations at the federal, state and local levels for changes in allowable air emissions or chemical clean-up standards.
- o Improve disclosure and transparency protocols to regulators and stakeholders and align reporting with investor/regulator expectations.
- o Elevate cybersecurity and data governance to the board level by appointing directors with cyber expertise or using external advisors to meet Securities and Exchange Commission (SEC) expectations.
- o Build workforce and employment resilience by aligning compensation structures with new SEC and Department of Labor (DOL) rules. Audit noncompete, overtime and contractor arrangements to mitigate new FTC/DOL enforcement risks.
- o Stay abreast and engaged in tort reform opportunities in your regions, especially with respect to transparency of litigation funding initiatives.
- o Review D&O and related coverage. Ensure limits, terms and Side-A protection align with evolving litigation trends (bankruptcy, ESG, cyber).
- o Consider new risk transfer tools. Explore bespoke policies to match emerging exposures.
- o Evaluate coverage levels. Compare program design to peers, evaluate claims history and use stochastic modeling, such as HUB's proprietary SCORESM modeling platform.
- o Follow emerging and evolving liability challenges, such as the potential erosion of the "dual remedy" doctrine with respect to U.S. workers' compensation and employer's liability, concerning workplace violence incidents.



Strategically Addressing Cost Pressures

Business leaders are making deliberate choices based on cost — whether those decisions impact operations, labor or risk mitigation measures. Too often, when cost is the primary driver of insurance decisions, the result is gaps in coverage and increased exposures.

Effectively managing both risk costs and evolving risks is essential to long-term profitability and increased resilience.

Rising Operating & Labor Costs

Rising operating and labor costs remain the top threat to profitability going into 2026 — cited by more leaders than any other risk. Survey data reveals 92% of respondents believe rising costs are likely or extremely likely to impact profitability.

When costs are more volatile, measuring risk exposure requires more than simply tracking revenues.

Rising revenues may reflect higher input costs rather than actual growth, as tariffs, energy prices, raw materials and supply fluctuations can cause wide swings in pricing. Beyond wages and inflation, indirect pressures, such as workforce shortages and secondary or tertiary supply chain disruptions, add further volatility.

For example, a disruption in the supply of essential components can quickly ripple across industries. Manufacturers may face stalled production, logistics providers contend with bottlenecks and retailers struggle with shortages. **These secondary and tertiary effects drive up costs at every stage, with impacts that extend far beyond the original supplier issue and reverberate across industries, making contingency planning essential.**

In this environment, alternative metrics often provide a more accurate measure of exposure like using tonnage of product instead of revenues or actual hours worked instead of payroll. To get the best possible consideration from insurance underwriters, work with a broker who analyzes your risk profile, claims history and insurance limits and commits to negotiating better coverage and savings on your behalf.

HUB's partnership model combines the scale of a large firm with the insight and care of local service, giving clients access to highly skilled brokers who know their markets and customers deeply. This relationship-driven approach ensures that every dollar spent is directed where it provides the greatest value, aligning insurance strategies with true exposures rather than misleading metrics.

Healthcare, education and nonprofit organizations reported the greatest concern over rising operating and labor costs (79%). Nearly half (44%) also expressed the lowest confidence in addressing this challenge.

For additional insights into what to expect in 2026, explore our [industry-specific Outlook reports](#).

How to Advance Risk Management Maturity: Rising Operating & Labor Costs

- o Find an insurance broker who specializes in your industry and has strong knowledge of business and risks embedded.
- o Ensure that your broker is using the right metrics to quantify the risk. Revenue is often the wrong measure when input costs (energy, raw materials, freight, tariffs) drive volatility. Using exposure metrics that track actual frequency/severity better aligns premiums with real risks.
- o Evaluate the major drivers of losses and claims severity within your organization's industry and geography.
- o Prioritize and address the most material risks and continue that process through other tiers of risk.
- o Identify areas of emerging risk that need to be monitored (e.g., shifting coverage terms, such as narrowing EPL, reduced umbrella limits, etc.).
- o Identify risk services solutions that will mitigate risk.
- o Appropriately leverage traditional and alternative risk transfer solutions, such as captives, structured products or shared-risk pools, to spread costs and strengthen resilience. An insurance broker who also brings industry expertise can source solutions from the marketplace unavailable to a generalist.

Coverage Gaps & Unaccounted Exposures

Organizations are actively seeking new insurance coverages, with 62% reporting that they are exploring traditional insurance and alternative risk transfer solutions. Yet, many leaders also report having difficulty finding suitable or affordable options, particularly as it relates to coverage for reputational risks, rising costs and macroeconomic/geopolitical risks. These findings highlight a challenge and an opportunity: The risks companies face — and worry about — do not always map cleanly to coverage. The right insurance broker can turn this challenge into an opportunity.

Consider when risk exposures arising from emerging macroeconomic and political disruptions have downstream impacts on reputation management and operating costs. The adverse impact of secondary or tertiary supply chain disruptions and credit default could be overlooked or underestimated. Securing the optimal insurance solution requires working with a broker who can tailor a risk financing strategy that aligns with an organization's business strategy, as illustrated in the case study on page 27.

Case Study

Enhanced Coverage and Savings Despite Exposure Challenges

A prospective HUB client, a publicly traded insurance company with several private subsidiaries, had open claims of more than \$1 million and was facing a substantial premium increase at renewal. The HUB Professional and Executive Liability (ProEx) team analyzed the client's risk profile, existing executive liability insurance program and loss history. Leveraging its proprietary SCORESM modeling platform, a state-of-the-art tool designed to quantify an organization's potential loss frequency and severity, HUB engaged with a panel of alternative insurance carriers. By highlighting the context surrounding the client's previous claims, its robust internal controls and commitment to strong risk management practices, HUB successfully placed a new insurance program with increased liability limits, premium savings and broadened coverage.

Organizations today are increasingly exploring alternative risk transfer solutions to fill gaps left behind by traditional insurance coverage. Approaches such as captive insurance, risk retention groups and parametric insurance can help reduce costs, tailor protection to specific needs and provide greater financial control in how risks are managed. The benefit of a broker who can provide access to these options is illustrated in the case study below.

Case Study

Reducing Costs Through Alternative Risk Transfer

A private equity firm was looking for relief from rising auto and liability insurance for five of its portfolio companies that have heavy trucking exposure. To further compound the challenge, some of these companies were in major metropolitan areas where litigation costs are high and jury verdicts can be severe. In response, HUB developed an alternative risk transfer approach that resulted in a buffer layer between each company's primary and umbrella insurance. By leveraging economies of scale, blending the rating to incorporate lower auto liability regions and introducing a loss-sensitive component, the client now has more control over insurance costs. Consider alternative risk programs not only as cost-saving tools but as flexible strategies to address overlooked risks — from trauma coverage to reputational harm — that could otherwise cause severe financial and brand damage.

To anticipate, adapt and respond to emerging risks, organizations need a best-in-class insurance broker who understands the risks you face, can identify potential sources of the risk and help you source appropriate coverage or find alternative risk transfer solutions when insurance is not available.

How to Advance Risk Management Maturity: **Gaps in Coverage & Unaccounted Exposures**

- o Proactively identify and mitigate both known and overlooked exposures by working side-by-side with a broker who understands complex risk and alternative risk solutions. This helps maintain a strong insurance portfolio and a mature position on the risk curve.
- o Accurately quantify the total cost of risk — including deductibles, self-insurance and unanticipated exposures, often referred to as the cost of volatility. These are areas where survey data shows leaders often underestimate their exposure. This cannot be done in isolation; it requires an experienced broker.
- o Work with a broker who can uncover gaps in existing coverage and identify coverage options that strengthen insurance portfolios.
- o Conduct a risk appetite and tolerance evaluation early in the annual renewal cycle. HUB's proprietary FirstRATES tool stress-tests the negative effect that unexpected retained losses can have on an organization's finances.





Increasing Risk Management Maturity & Confidence

In today's environment, risk needs to be managed holistically. **The pace of change means the risk maturity curve is always shifting, and organizations that keep advancing will be best positioned to lead. Proactively managing risk requires a close, ongoing partnership with an organization's insurance broker and risk services advisor to best enable company profitability, resiliency and vitality.**

Survey data highlights a critical insight: **44% of respondents meet with their insurance broker on a semi-annual or annual basis** — far too infrequent to keep pace with a rapidly changing business environment. Every strategic shift introduces new exposures and the potential for uninsured losses if not addressed quickly. **In fact, about 72% of companies that engage in monthly or quarterly conversations with their insurance providers reported making changes to their insurance or risk programs within the past three months.**

What does this mean? Working with a best-in-class broker ensures businesses have the expertise, data and side-by-side guidance needed to climb the risk maturity curve with confidence and turn risk management into a strategic advantage.

Where is Your Organization on the Risk Maturity Curve?

Profitability, vitality and resiliency depend on managing both known and emerging risks. As those risks become more complex and interconnected, organizations need to advance their insurance, risk management and employee benefits strategy.

The risk maturity curve is accelerating, and organizations that take the right steps today will be best positioned to lead tomorrow. Start by considering the insurance brokers, risk services and employee benefits advisors needed to help you take the appropriate next steps.

With HUB, you have a strategic partner who can protect your profitability, cultivate a vital workforce and create a more resilient tomorrow. Our risk, insurance and benefits advisors can optimize your insurance portfolio, provide data-driven insights, access global resources and enhance enterprise-wide risk management.

Talk to a HUB advisor today.

Risk maturity is more than an operational issue; it's a workforce issue. Understanding and addressing the diverse needs of employees has become more complex and more critical than ever. One thing is certain: using traditional data sources and benchmarking is not the answer. Read the [**HUB International 2025 Workforce Vitality Gap Index**](#) for recommendations on how to bridge the gap between what employees expect, as well as need, and what your employee benefits and total rewards programs offer.

Ready for tomorrow.

For additional insights into what to expect in 2026, explore our industry and sector-specific Outlook reports.



Agribusiness



Healthcare



Private Equity



Construction



Hospitality



Real Estate



Education



Nonprofit



Transportation



Employee Benefits
& Retirement



Personal Insurance
Marketplace



Entertainment &
Sports



Private Client

About HUB

When you partner with HUB, you're at the center of a vast network of experts who will help you improve your profitability, enhance the vitality of your workforce and remain resilient into the future. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB advisor or visit hubinternational.com. We're here to help.

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