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Different AI systems, shared weaknesses: new Zurich and University of St. Gallen research maps how AI failures could spread

The report examines how separate AI systems can share underlying weaknesses, creating hidden connections that could allow losses to spread across organizations and sectors.

- **AI failures could spread across companies and sectors through hidden connections between systems**
- **The research maps AI-related risk across four zones, from contained risks to potentially systemic losses**
- **Organizations are urged to map their AI supply chains to uncover critical dependencies**
- **Companies must build AI resilience and test their ability to operate and recover from failure**

Recent weeks have brought a series of IT outages and cyber incidents across sectors and borders. Whatever their cause, they show how quickly disruption at one point can reach many organizations at once. AI raises the stakes: as it becomes embedded in business operations, it adds new shared dependencies, and it is accelerating the discovery of software vulnerabilities, increasing pressure on organizations to update the same systems at the same time.

Businesses are increasingly aware of the concentration of risks created by relying on common AI providers, models and infrastructure. But using different systems or providers does not necessarily mean the risks are independent.

New research from Zurich Insurance Group (Zurich) and the University of St. Gallen, *The AI resilience challenge – Keeping AI-related risk manageable*, identifies a less visible risk: different AI systems may behave or fail in similar ways because they draw on similar data, assumptions, architecture or decision logic.

Organizations may therefore appear to have diversified their AI exposure while remaining vulnerable to common weaknesses. Risks that look separate may not be separate at all.

Hidden connections, wider losses

The report identifies two mechanisms that can cause AI-related losses to spread: concentration and correlation.

Concentration of risks arises when organizations rely on common providers, models or infrastructure, allowing a single disruption to affect many organizations at once.

Correlation of risks is harder to see. Apparently separate systems may share data, architecture, decision logic or patterns of behavior and therefore fail in similar ways, even without a common provider or outage.

There may be no single failure that exposes the connection. Instead, patterns can emerge through claims, complaints, regulatory action or litigation across otherwise separate organizations.

For insurers looking across portfolios, that raises an important question: could exposures that appear independent actually be connected?

The research draws on 50 expert interviews conducted between July and September 2026, including 36 Zurich executives and 14 external experts, spanning areas including risk, underwriting, claims, technology, cyber, legal and resilience.

Mario Greco, Group Chief Executive Officer, Zurich Insurance Group, said: “AI will transform business. The opportunity is enormous, but we also need to understand the risks. Companies need to know where they depend on AI, what can happen when it fails, and be prepared to respond and recover quickly.”

Prof. Dr. Karolin Frankenberger, University of St. Gallen, added: “AI is becoming part of how almost every company operates. The challenge now is not simply to innovate faster, but to build systems we understand, can trust and can recover when they fail. That resilience will be critical to economies and societies.”

The report maps AI-related risks into four zones according to how well they are understood and how widely losses could spread. At one end are risks that are relatively well understood and contained. At the other are systemic risks, where potentially widespread losses combine with connections or loss pathways that are difficult to identify or quantify in advance.

Risks can move between these zones. Wider adoption and growing concentration can increase exposure and the potential reach of losses. Better evidence, clearer accountability, stronger controls, diversification and tested recovery capabilities can make risks more manageable.

Organizations can strengthen resilience by mapping their AI use and dependencies beyond direct suppliers, assigning clear accountability and setting limits on what systems may do. They should also test whether they can maintain critical activities, override AI decisions, or switch to alternatives when disruption occurs.

Is the risk manageable?

Insurability provides a practical test of whether AI-related risks remain manageable.

Risks are easier to insure when exposures can be identified and measured, losses are bounded, responsibility is clear and exposures can be diversified. Concentration, hidden correlation and unclear accountability weaken these conditions.

Insurers can use their portfolio-wide view to identify shared dependencies and emerging loss patterns that individual organizations may not see. Changes in coverage, terms, capacity or information requirements can also provide early warning that exposure is outpacing evidence and controls.

Insurance cannot replace risk reduction or absorb every systemic loss. Businesses, technology providers, insurers, researchers and public authorities all have a role in keeping dependencies visible, responsibilities clear, disruption contained and the connections that could allow failures to spread and build the resilience to contain the fallout and recover.

Further Information

Download the report *The AI resilience challenge – Keeping AI-related risk manageable*.

Zurich Insurance Group (Zurich) is a leading global multi-line insurer and market-leader in Specialty insurance founded more than 150 years ago, which has grown into a business serving more than 82 million customers in more than 200 countries and territories, while delivering industry-leading total shareholder returns.

Reflecting its purpose to 'create a brighter future together,' Zurich offers protection services that go beyond traditional insurance, to support its customers in building resilience. Since 2020, the Zurich Forest project has been supporting reforestation and biodiversity restoration in Brazil's Atlantic Forest.

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