University of St.Gallen

Media Release, 23 November 2026

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.
- Zurich warns 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.

The challenge is to identify the connections that could allow failures to spread and build the resilience to contain the fallout and recover.

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

University of St.Gallen

University of St.Gallen (HSG)

The University of St.Gallen (HSG) is the university of the Canton of St.Gallen and Switzerland's business university. Internationality, practical relevance and an integrative view have characterised education at HSG ever since its establishment in 1898. Today, the University educates around 10,000 students from approx. 100 countries in Business Administration, Economics, Law and Social Sciences, International Affairs and Computer Science. With success: HSG is among Europe's leading business universities. In the 2025 Financial Times European Business School Rankings, HSG is in the top ten, occupying 8th place. In 2026, the FT ranked the Master's programme in Strategy and International Management (SIM-HSG) as the best worldwide for the fifteenth time in its annual ranking of Master's programmes in Management. Its integrative education at the highest academic level earned the international seals of approval of the EQUIS, AACSB and AMBA accreditations. Students are able to obtain degrees at the Bachelor's, Master's and Doctoral/Ph.D. Levels. In addition, HSG provides first-class and extensive executive education courses for more than 6,000 participants per annum. The focal points of research at HSG are its approx. 40 institutes, research centres and Centers, which constitute an integral part of the University. The institutes, which are largely organised autonomously, are self-funding to a great extent but are still closely linked with the University operations.

Visit us on *Facebook*, *Twitter*, *Youtube*, *Instagram* and *unisg.ch:*