Swiss Re Institute

Press release

AI and supply chains open new pathways to systemic stress as risks become more interconnected, find Swiss Re Institute and LSE

- **Analysis of 91 Fortune-100 companies finds 24% more links between reported risks than in 2019**
- **AI risk broadens rapidly across sectors, emerging as a key point of connection that could accelerate the transmission of shocks**
- **Supply chains link geopolitical, tariff, climate, pandemic and cyber risks, creating new routes for disruption to cascade across sectors**

Zurich/London, 25 September 2026 – Risks are becoming increasingly interconnected, creating new pathways through which relatively contained shocks can ripple faster and further through the economy. New joint analysis by Swiss Re Institute and LSE finds 24% more links between risks reported by 91 Fortune-100 companies than in 2019, with AI and supply chains emerging as key points of connection.

The findings point to a broader shift in systemic risk as threats increasingly interact across financial, digital, natural-hazard and socio-economic systems. The severity of the next systemic crisis may depend less on the size of the initial shock than on where it hits and how widely its effects spread. Growing dependence on common suppliers, technology platforms and critical infrastructure means disruption in one area can increasingly cascade into seemingly unrelated parts of the economy.

Jérôme Haegeli, Group Chief Economist and Head of Swiss Re Institute, said: "Interconnected risks leave less room for error, while governments in many advanced economies have less room to respond. High debt and constrained policy buffers mean resilience cannot start when a crisis hits – it has to be built beforehand, by reducing critical dependencies, strengthening buffers and preserving the capacity to transfer risk."

Ivan Gonzalez, Chief Executive Officer of Corporate Solutions at Swiss Re, said: "A company may look diversified until you discover that its suppliers, technology providers and customers depend on the same infrastructure. One disruption can therefore affect more parts of a business than expected. Understanding those dependencies may help companies reduce concentrations, strengthen resilience and decide which risks they can absorb and which they need to transfer."

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AI could change how the next systemic crisis unfolds
AI risk reporting has broadened beyond the technology sector, with the share of companies reporting AI and new-technology risks increasing by around 30% between 2019 and 2026 to encompass industries including retail, airlines, pharmaceuticals and food. If companies and financial institutions increasingly rely on common technologies and similar AI models, stress could trigger faster and more synchronised reactions.

Jón Daníelsson, Director of the Systemic Risk Centre and Reader in Finance at LSE, said: "We tend to prepare for the last crisis and try to predict the trigger for the next. But systemic crises are defined by what happens after the shock, and AI could fundamentally change that dynamic. If institutions increasingly use similar models and react at machine speed, a containable shock can become systemic before there is time to respond. The challenge is not to predict the next crisis, but to be prepared for shocks we cannot foresee."

Supply chains are another key point of connection between risks. Geopolitical tensions, tariffs, climate events, pandemics and cyberattacks can all interact and reinforce one another through supply networks, creating multiple pathways for disruption to spread across companies and sectors.

Natural hazards can turn local disruption into wider risk
Climate risk mentions by companies increased by around 31% since 2019. More than a quarter of US data centres are in areas with at least three large-hail days a year, and more than 40% are in zones of significant tornado risk. In Taiwan, 88% of semiconductor plants are in areas of extreme seismic risk. When natural hazards hit concentrated infrastructure that large parts of the economy depend on and that cannot easily be replaced, a local shock can spread across the wider economy. Concentration risk is not only geographic. Three providers controlled 70% of global cloud infrastructure in 2024, while three companies process 97% of global credit card transactions.

Less room to contain the next systemic crisis
Risk compensation is low by historical standards for some financial assets, while governments have less room to use traditional policy tools to contain future shocks. This increases the importance of building resilience before crises occur.

Jean-Pierre Zigrand, Director of the Systemic Risk Centre and Associate Professor of Finance at LSE, said: "Connections can make the system more resilient when they genuinely spread risk. But common dependencies can turn those same connections into channels that amplify shocks. The challenge is to preserve the benefits of being connected without concentrating risk in the same places."

How to order this study
The English version of the joint Swiss Re Institute and London School of Economics study *"The age of interconnected risks"* is available in electronic format. You can download it here.

About the Swiss Re Institute-LSE research

The partnership between Swiss Re Institute and LSE brings together academic research on systemic risk with practical risk expertise. As part of the study, a new analysis compares 10-K filings published in early 2019 and 2026 and uses a large language model to help experts classify reported risks and map the causal links companies identify between them. By looking beyond individual risks to how they interact, the analysis provides a broader view of how shocks could spread across companies, sectors and the wider economy. It measures changes in companies' reported risk perceptions, not changes in systemic risk itself. Results can also be influenced by changes in regulation and disclosure practices.

About Swiss Re

The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 70 offices globally.

About LSE

The London School of Economics and Political Science (LSE) is an internationally renowned university specialising in the social sciences, awarded University of the Year 2025 and ranked top in the UK by the Times and Sunday Times Good University Guide. Its expertise spans a wide range of disciplines from economics, politics and law, to sociology, health policy, data science and finance. As one of the most international universities in the world, the School's diversity of people, ideas and interests make it an exciting centre for research, education and public engagement. Established in 1895, the original vision of LSE as "a community of people and ideas, founded to know the causes of things, for the betterment of society" remains true to this day. It continues to use its research-led expertise to influence governments, NGOs, businesses and others to help tackle the world's most pressing problems. For more information lse.ac.uk.

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