

Perils Theft Model

Understanding the risk of household burglary



An informed assessment of risk based on reliable data is essential to the accurate pricing of premiums. Experian's Perils Theft models utilises actual incidents of burglary from across the UK in association with Experian's demographic and property information to assess the risk of burglary within a postcode. This insight gives you a better understanding of risk for a location, which enables you to mitigate this risk in your pricing and improve profitability.



About Perils Theft

The Perils Theft model combines Experian's consumer demographic and spatial attribute data with actual information on over 624,211 burglary incidents to create a theft risk score for every postcode in the UK, as well as a relative measure of postcode risk compared to the UK average. The higher risk score for the postcode, the more susceptible is the property in the postcode to a burglary.

Key Benefits

Better risk assessment for more accurate pricing

Having an accurate measure of burglary risk is vital for insurers. Combining insight from Experian's theft model with an insurer's understanding of claims behaviour for burglary provides a better understanding of risk which allows the development of more accurate pricing. Combining the theft model with Experian's other measures of environmental risk that include Flood, Subsidence, Fire, Freeze, Windstorm, Accidental Damage and Escape of Water, as

well the residence data (property type, age, number of bedrooms, tenure and value) from our Property Characteristics database enables an insurer to compile a comprehensive portfolio of perils risk. Experian's Perils portfolio complements our generic Delphi for Insurance risk score, and used in association with Delphi they provide a sophisticated measure of risk to support your underwriting.

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Monitor changes to risk and your exposure

Experian’s Peril’s Theft model is updated regularly with new incidents of burglary sourced from the Police.UK website. Changes in the demographic, financial and property characteristics of postcodes and their exposure to burglary are captured, and these changes are reflected in the model. Insurers can monitor the impact of these changes on their portfolio and amend the price of premiums to reflect these changes.

Increased uplift and performance

Experian’s Perils Theft model is a completely new measure of burglary risk in the UK. Internal verification and independent testing with insurers indicates that this new theft model has an uplift of over 55% compared with Experian’s previous model. This performance uplift is also reflected in the independent testing that has been conducted with insurers using their own data in association with the Theft model.

Essential insight built using actual incidents of burglary

By utilising actual incidents of burglary sourced from the Police.UK website and combining these with the depth and breadth of Experian’s consumer and property data, an accurate picture of the risk from burglary at postcode level can be assessed for the whole of the UK.

This data is updated annually to ensure that it accurately reflects the current level of risk in relation to the level of crime in an area.

Acquire and proactively manage customers through targeted, multi-channel communication

Communicating a change in the risk associated with a customer’s policy is important step in managing and retaining customers. Being alert to changes in risk enables you to proactively communicate with customers, to mitigate risk and the likelihood of fraud. Linking our theft model to Experian’s databases of insurance renewals, customer name, address, email and telephone numbers enables you to proactively market to prospective new customers and drive acquisition.

About the data used

Experian’s Perils Theft model has been developed using the latest burglary crime incident data combined with the breadth and depth of Experian’s demographic and consumer segmentation, spatial measures and modelling expertise. It includes:

- Burglary incident data sourced from Police.UK which contained 370,000 incidents of burglary across England and Wales reported at Ordnance Survey Locator (Street Segment) level.
- Ordnance Survey Locator and CodePoint Open Postcodes
- Experian’s Mosaic UK™ consumer classification system
- Property characteristics including property type, year of build, tenure and number of bedrooms, as well information on household composition sourced from our ConsumerView™ database of 42m UK consumers

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- Experian measures of urbanity/rurality
- Spatial distance measures calculated from the Police.UK data against OS Locator points and OS CodePoint open
- Distance to Motorway derived from analysis of the underlying road network on OS Street View Open Data

How to access the Theft Model Scores

The Theft Model Scores are available for every UK postcode in a variety of formats:

- Theft Risk Score – shows the relative likelihood of a burglary occurring within the postcode.
- Theft Risk Score Decile - bands the Theft Risk Score into ten bands from 00 (Low) to 09 (High) bands.
- Theft Risk Score Percentile – bands the Theft Risk Score into one hundred bands from 00 (Low) to 99 (High) bands.
- Theft Risk Index – scales the Theft Risk Score for the postcode against the average (weighted by household) score against the whole UK to provide a relative measure of risk, with the UK average risk being 1.

Theft Model Updates

The postcode level Perils Theft Model scores are updated twice a year to ensure the UK postcode list is kept up to date and also to allow new incidents of burglary to be incorporated from Police.UK Periodic enhancements to the model are also made to ensure any new Experian data or spatial measures are included.

About Experian

Experian has been working in partnership with insurers for over 20 years. We help organisations understand and manage the circumstances of customers and their assets, and the financial risk they expose to the organisation. Our data provides insight at the point of contact to inform quotation and deliver more accurate pricing, whilst our online payment verification and multi-channel marketing tools help insurers reduce cost to serve and increase efficiency. Experian's ability to identify risk, detect fraud and improve claims management is used to minimise loss, and by anticipating a change in the circumstances of customers and their assets we help insurers proactively manage and retain customers.

For more information on Experian's insurance services visit:

**www.experian.co.uk/insurance-services
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