



HOW MUCH DOES VERISURE REDUCE THE BURGLARY RISK FOR THEIR CLIENTS?

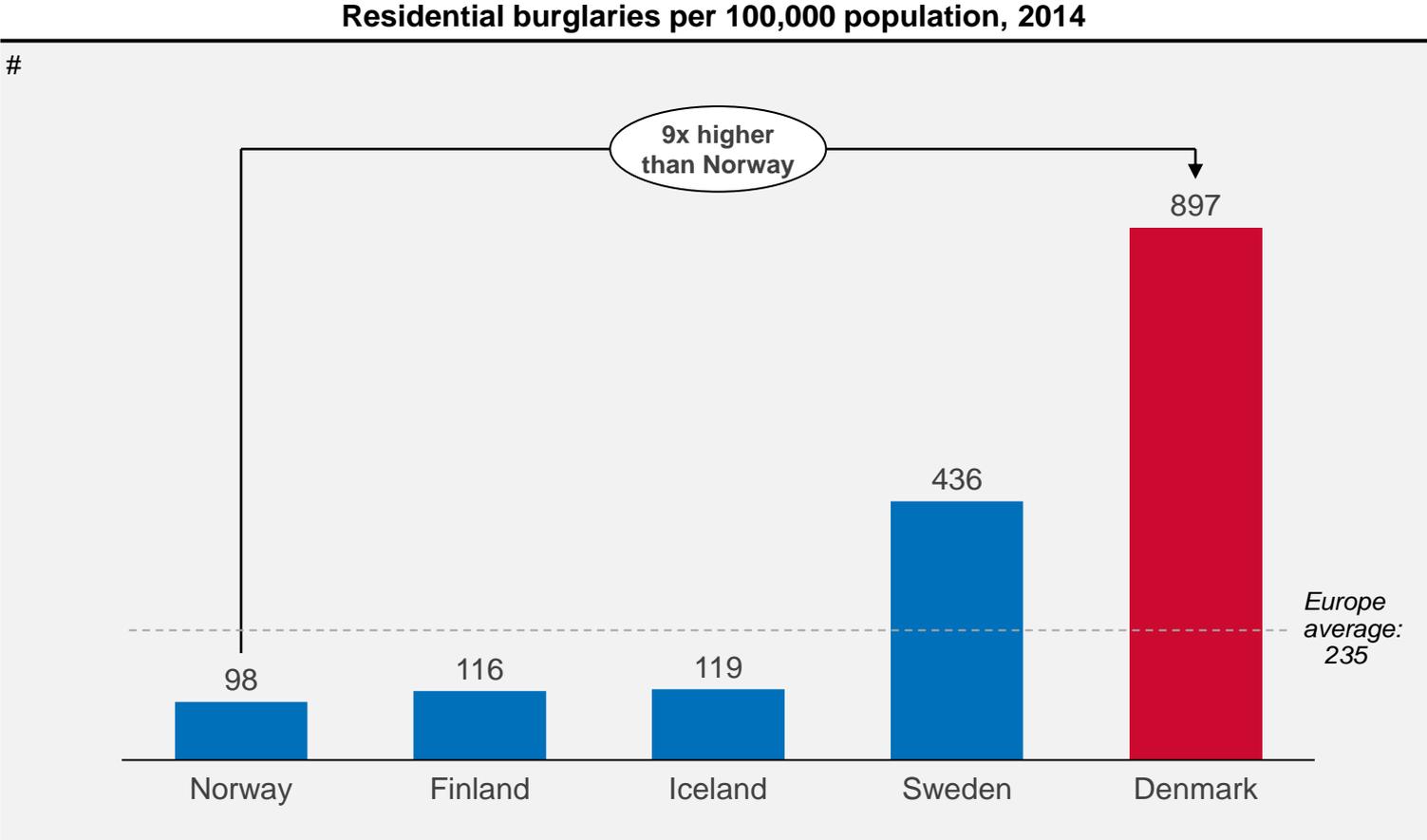
Martin Assenholm Nielsen, PhD
Copenhagen, February 16th 2018



Executive summary

- This document quantifies the extent Verisure reduces the burglary risk for their residential clients. The study draws on internal data for Verisure residential clients in Denmark, Statistics Denmark data on all Danish residential, and research on burglaries in Denmark from TrygFonden and Det Kriminal Præventive Råd.
- Verisure Denmark reduces burglary risk 73% compared to non-Verisure households with similar risk profile.
 - 60 percentage points come directly from comparing burglaries per household between Verisure and non-Verisure households across similar home types and municipalities (Statistics Denmark).
 - Additional 13 percentage points come from leveling out differences in burglary history, visible value, and other alarm systems.
- Verisure monitored alarm solutions are particularly selected by households with higher burglary risk.
 - Houses have almost four times higher likelihood of getting burgled than apartments. Houses make up ~95% of the Verisure client portfolio and only ~60% of all households in Denmark.
 - Verisure is overrepresented in municipalities with higher burglary risk. On a municipality level, 66% of the variation in share of households with Verisure alarm is explained by variation in burglary risk. Within municipalities, Verisure is also overrepresented in areas with higher burglary risk.
 - Households burgled have five times higher risk of getting burgled again within a year. 35% of new Verisure clients report recent burglary as the reason for acquiring Verisure.
- Finally, Verisure not only deters 73% of burglaries for their residential clients but also reduces damage done by burglars not deterred.

Denmark has the highest burglary rate in the Nordic countries



Source: United Nations Office on Drugs and Crime: Statistics on Crime – Burglary (UNODC)

This document quantifies the extent Verisure reduces the burglary risk for their residential clients in Denmark

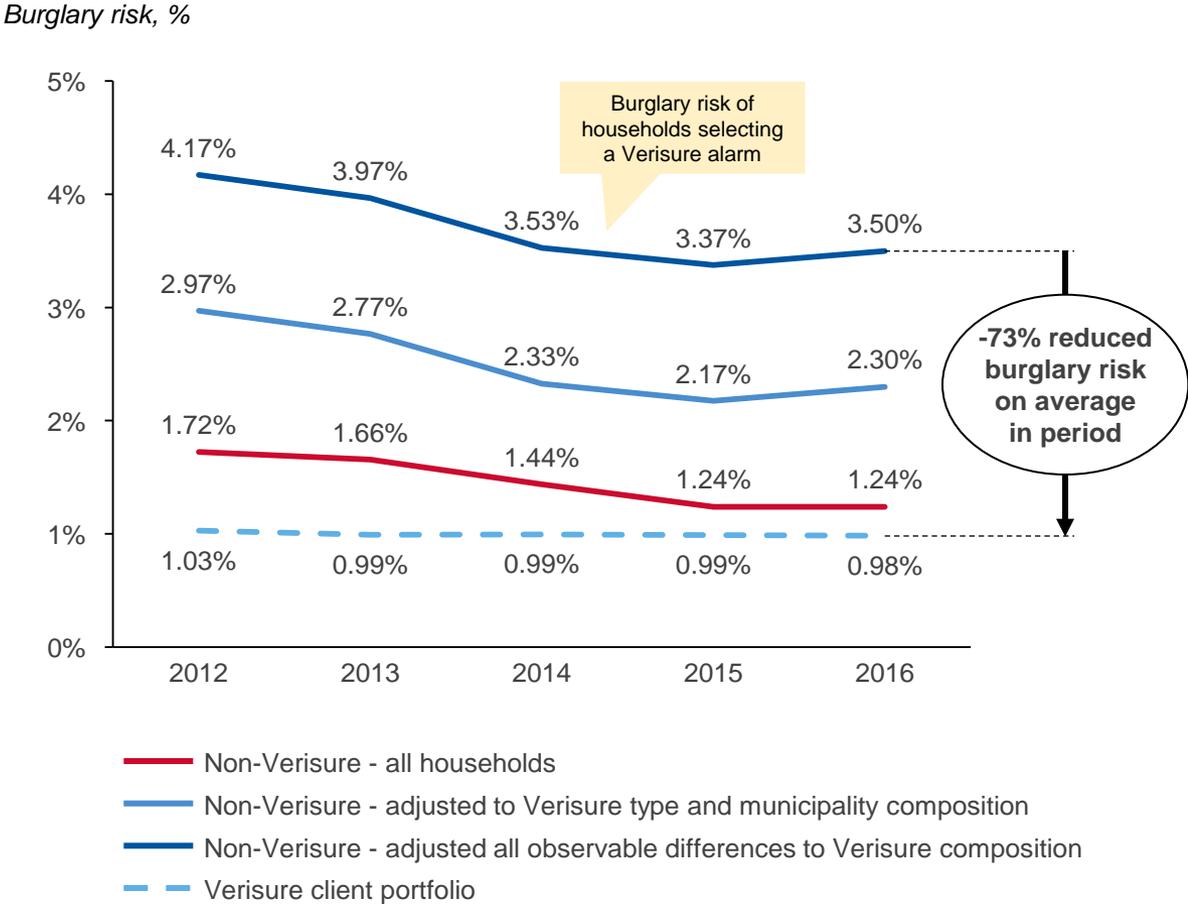
	Verisure Denmark residential clients	Rest of Danish households
Population statistics	<ul style="list-style-type: none"> Number of installations¹ by household type and location Number of burglaries by household type, location and burglary history 	<ul style="list-style-type: none"> Number of households by type and location Number of burglaries by household type, location and burglary history
Data sources	 verisure SMART ALARMS	  and others

Burglary risk is compared like-for-like to the extent data permits, controlling for differences in home type, location, recent burglaries, and competing alarm products

Notes: 1. Document focuses on Verisure clients with the current product (Gateway) offered to clients which was launched in 2011. Historic burglary data not available for Falck Alarm clients who entered the Verisure portfolio in March 2017. Further, data on household types not available for Verisure legacy alarm systems.

Verisure Denmark reduces burglary risk 73% compared to non-Verisure households with similar risk profile

Burglary risk for different groups of households, 2012-2016



Key comparison groups

All non-Verisure households

Avg burglary risk 1.5%
Verisure reduction 30%

Adjusted non-Verisure households to same home types and municipalities

Avg burglary risk 2.5%
Verisure reduction 60%

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Also adjusted burglary history, visible value, and competing products

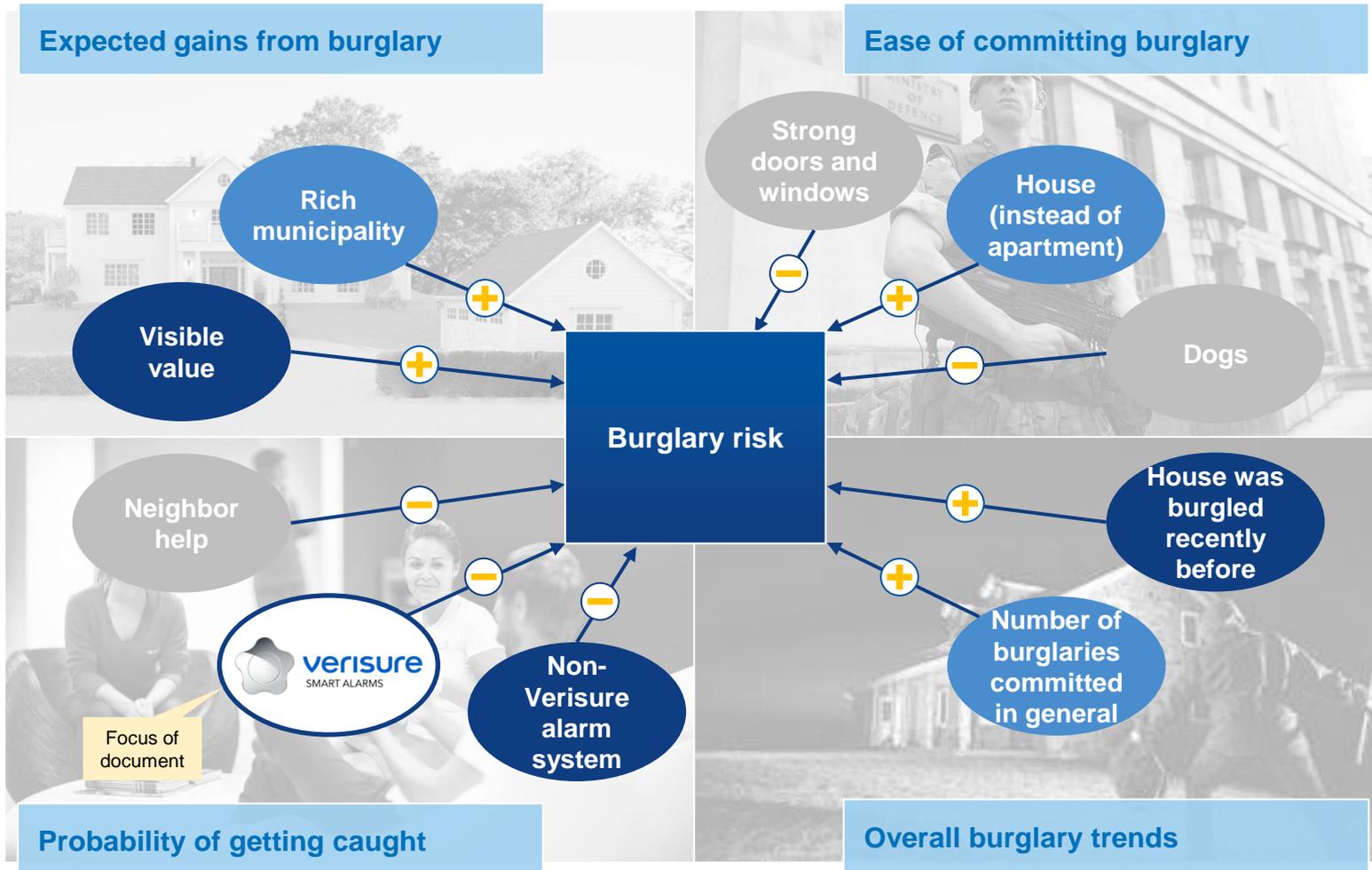
Avg burglary risk 3.8%
Verisure reduction 73%

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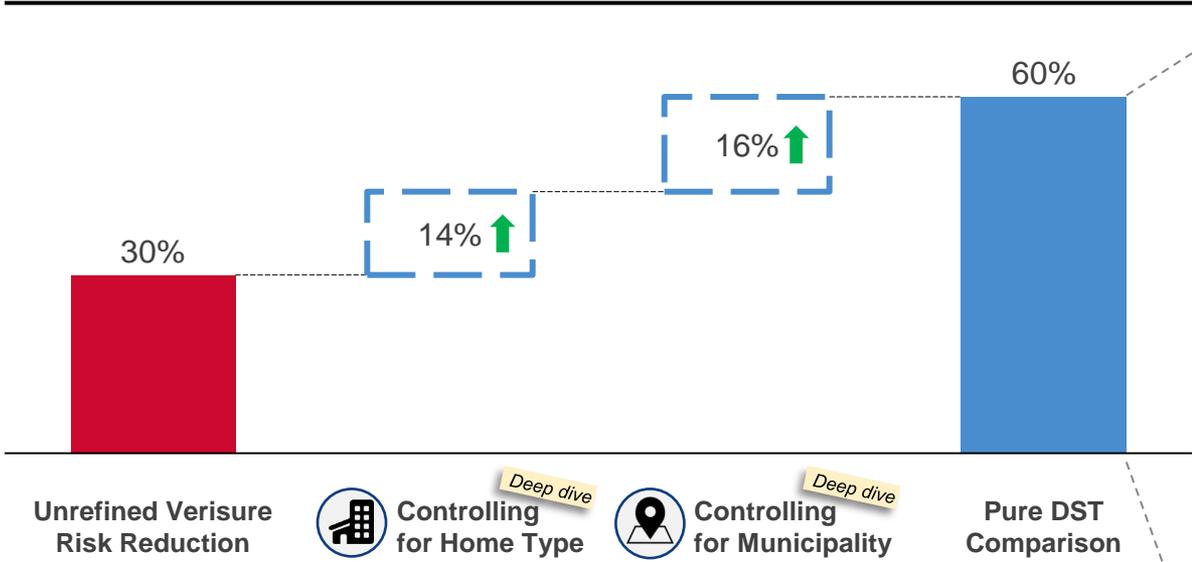
Source: Statistics Denmark: BOL101 and ANM22, Verisure Denmark

Many factors impact burglary risk and the decision to acquire Verisure – some factors are recorded in data



Statistics Denmark comparison: Verisure is mainly selected by households with higher burglary risk

Verisure alarm impact on burglary risk, controlling for home type and municipality, 2012-2016 average



Verisure impact example: Houses in Aalborg, 2016

- 942** Verisure installations active full-year 2016
- 1.5%** DST: Burglary risk for non-Verisure houses in Aalborg in 2016, so
- 14** Expected burglaries if Verisure clients had same burglary risk
- 3** Actual burglaries experienced by Verisure clients

79% **Reduced burglary risk with Verisure alarm**

Houses in Aalborg made up 3% of total Danish client portfolio in 2016 and are weighted accordingly

Yearly, 1.5% of Danish residential vs 1.0% of Verisure clients experienced burglary on average from 2012 to 2016

Houses have almost 4x the burglary risk of apartments and are overrepresented in the Verisure residential portfolio

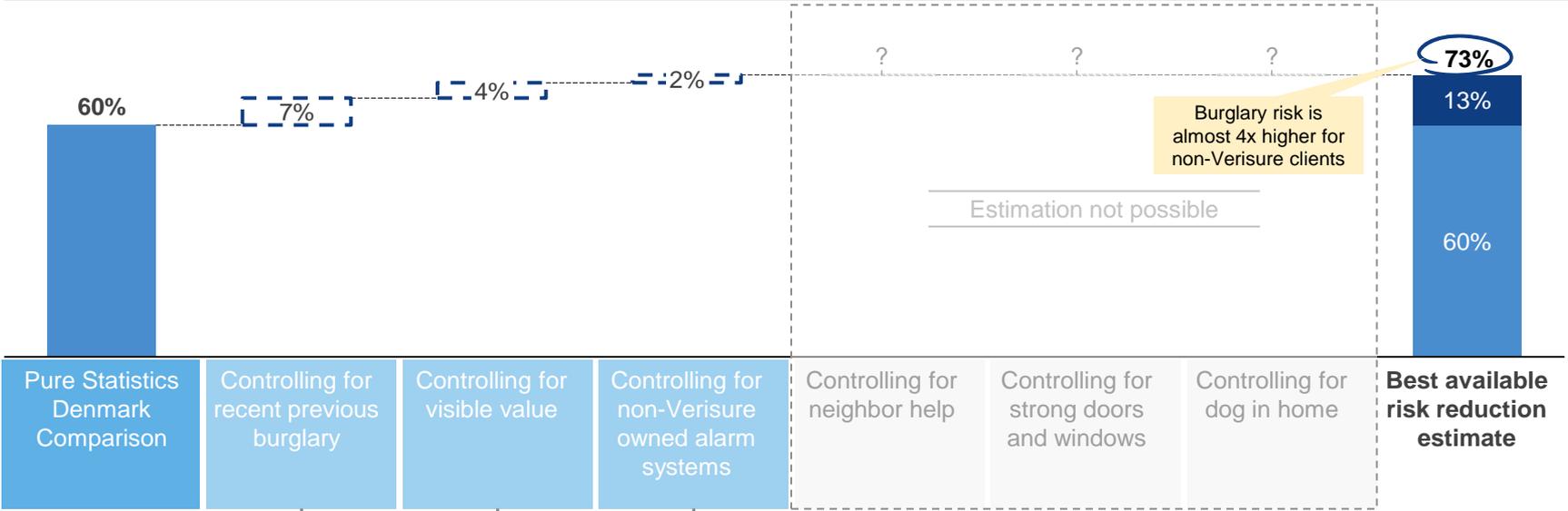
Variation in burglary risk explains 66% of the variation in Verisure penetration at a municipality level

Similar Danish households experience 2.5x more burglaries than households protected by Verisure



Further, Verisure clients have harsher burglary history, visible value, and do not also own other alarm systems

Verisure impact on burglary risk including all risk controls, 2012-2016 average



Burglary risk is almost 4x higher for non-Verisure clients

Estimation not possible

Best available risk reduction estimate

The burglar often returns

- Burglar risk is 5x higher for households burgled within last year, *TrygFonden (2017)*
- 35% of new Verisure clients report recent burglary as reason for installing an alarm
- ~15% extra clients were added each year from 2012-2016

Local differences not captured

- Burglar appeal differences are currently captured using the 98 DK municipalities
- Burglary risk explains 66% of Verisure penetration at the municipality level, increasing impact 15 pct points
- Assume segmenting to 2.5m households instead of 98 areas will increase R^2 to 85%

Homes do not buy multiple alarms

- Households using competing alarm systems will not also get a Verisure alarm
- Market household penetration is 14% and Verisure has 25% market share
- Assume competing alarm systems reduce burglary risk by only 50%



Source: TrygFonden and Det Kriminalpræventive Råd: "Hvad virker? Viden om indbrud og indbrudsforebyggelse i private hjem i Danmark" (2017), Verisure Denmark

On top of deterring 73% burglaries, Verisure also reduces damage done by burglars not deterred

Selected Verisure client benefits

	Burglary deterrence	73% reduction in burglary risk compared to no Verisure alarm
	Burglary damage reduction	Average police response time of 8 minutes limits the amount of damage a burglar can do: a large European insurance company estimates minimum 25% reduction
	Fire damage reduction	Verisure takes instant action when smoke detectors and cameras detect an issue, even when there is nobody home
	Peace of mind	Verisure provides peace of mind as client households are monitored 24-7, taking responsibility to ensure our client feel safe and secure
	SOS button for emergencies	Clients can ask for help in case of emergency – Verisure calls a Security Guard, the Fire Brigade or an ambulance whenever it is needed
	Intelligent home	Locks, lightning and other electronic devices can be controlled from the Verisure app, regardless of the client location

Insurance company benefits

Methodology

1. **Tracked household characteristics for residential clients purchasing the Gateway Verisure monitored alarm systems that was launched in 2011, including**
 - a) **Municipality**
 - b) **Household type (house vs apartment)**
 - c) **Number of experienced burglaries**

2. **Compared number of burglaries per household in Verisure client portfolio for each municipality and house combination with that of non-Verisure clients (source: Statistics Denmark)**
 - a) **98 municipalities...**
 - b) **...2 household types...**
 - c) **...so 196 comparison groups in total**

3. **Estimated overall Verisure impact on burglary risk as a weighted average of comparison groups using number of Verisure clients in each group as weights**

4. **Refined estimates from Statistics Denmark by drawing on results from TrygFonden, Det Kriminal Præventive Råd, and internal Verisure data:**
 - a) **Recent burglaries**
 - b) **Visible value**
 - c) **Installed competing alarms**