

Study shows kill switch in mobile phones could save consumers more than \$3.4b annually

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Updated research released today from Creighton University Heider College of Business professor and consumer advocate William Duckworth, Ph.D., shows consumer savings from the Kill Switch legislation exceed initial projections and now point to well over \$3B. (Calculations include data from 2014 Annual State of the Net Survey by Consumer Reports national Research Center and comScore's MobiLens and Mobile Metrix reports.) This savings to consumers comes at the expense of insurance and wireless industry profits.

In March of this year, Duckworth released research showing overwhelming consumer support for the Kill Switch in mobile phones and annual savings of more than \$2.6 billion - if it were made mandatory on all phones. Consumer Reports then released numbers showing that smartphone theft nearly doubled between 2012 and 2013 rising from 1.6 million stolen smartphones to 3.1 million stolen smartphones – which Duckworth has now used to update his projections.

In his survey of 1,200 smartphone owners, Duckworth studied consumer support for the Kill Switch, consumer habits regarding [cell phone](#) insurance and the links between the two. His findings indicate that consumers not only support a free Kill Switch on all phones, they expect it.

"These updated numbers are powerful – in that they indicate a surge in

smartphone theft implying a growing market for stolen smartphones. Of course, this also means even greater safety and savings for consumers if a [kill switch](#) were successfully implemented. At least half of smartphone owners would in fact reduce their insurance coverage if the Kill Switch reduced the prevalence of cell [phone](#) theft," said Duckworth. "Over the last few months, it has become very clear that Americans want the Kill Switch on their phones. I believe an industry-wide implementation of the technology could significantly improve public safety and save consumers billions of dollars a year."

According to the survey:

- 99 percent of smartphone owners feel wireless carriers should give all consumers the option to disable a cell phone if stolen
- 83 percent of smartphone owners believe a Kill Switch would reduce cell phone theft
- 93 percent of smartphone owners believe Americans should not be expected to pay extra fees for the ability to disable a stolen phone

To estimate the financial savings a Kill Switch could deliver, he considered two components: the cost of replacing stole phones and the cost of paying for premium cell phone insurance covering stolen phones. He found a Kill Switch could save Americans up to \$3.4 billion per year. According to the survey:

- Americans spend about \$1.1 billion per year replacing stolen phones.
- They also spend another \$5.5 billion per year paying for premium cell phone insurance from their wireless carriers.

If the Kill Switch significantly reduced cell phone theft, consumers could save about \$1.1B a year by not needing to replace stolen phones and another \$2.3 billion a year by switching from premium cell phone insurance to more basic coverage offered by third parties such as Apple and SquareTrade for a total of about \$3.4 billion annually.

Provided by Creighton University

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