

WORKING WITH ELEPHANTS & SWANS IN THE REAL WORLD



CAS – WARNING

The presentation you are about to see is disturbing. All the facts contained in this Firestorm material are real.

Actuaries face bigger challenges today than at any other point in history.

The exposures to the well being of companies and employees are real. The legal liability grows everyday and sits squarely on the shoulders of the officers and directors.



WE BOUGHT A ZOO



CREATE AWARENESS

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JOIN FORCES – EXPERTS AND ACTUARIES



EMPOWER CLIENTS



THE WORLD OF THE ACTUARY



TROUBLE MAKER

The black swan theory is a metaphor. The theory as developed by Nassim Nicholas Taleb in his book by the same name, a Black Swan must have the following three attributes:

- 1. It is an outlier, beyond the realm of regular expectations, because experience can't point to its possibility – In the eyes of the viewer
- 2. It carries an extreme impact.
- 3. After the fact we produce explanations for its occurrence, making it explainable and predictable.



300 MILLION YEARS AGO



300 DAYS AGO



BLACK SWANS ? A CONVENIENT EXCUSE?

Consider some of the high impact events that have occurred and become major press events, which (if any) were true Black Swans?

- Chernobyl nuclear disaster (1986)
- Flixborough Disaster (1974) – cyclohexane leak
- Chilean miners trapped underground (2010)
- World Trade Center (2011) – terrorist activity
- Tacoma Narrows bridge collapse (1940)
- Texas City oil refinery explosion (2005)



GREY SWANS?



A PROBLEM

- **"Elephant in the room"** is an English metaphorical idiom for an obvious truth that is either being ignored or going unaddressed. The idiomatic expression also applies to an obvious problem or risk no one wants to discuss



ELEPHANT IN THE ROOM



ACTUARIAL ELEPHANT

Past performance is
not indicative
of future results.



WHAT IS FORESEEABLE?

TODAY

*EVERYTHING IS
FORESEEABLE*

TOMORROW

*IT BETTER BE IN YOUR LOSS
TRIANGLES*



FORESEEABLE?



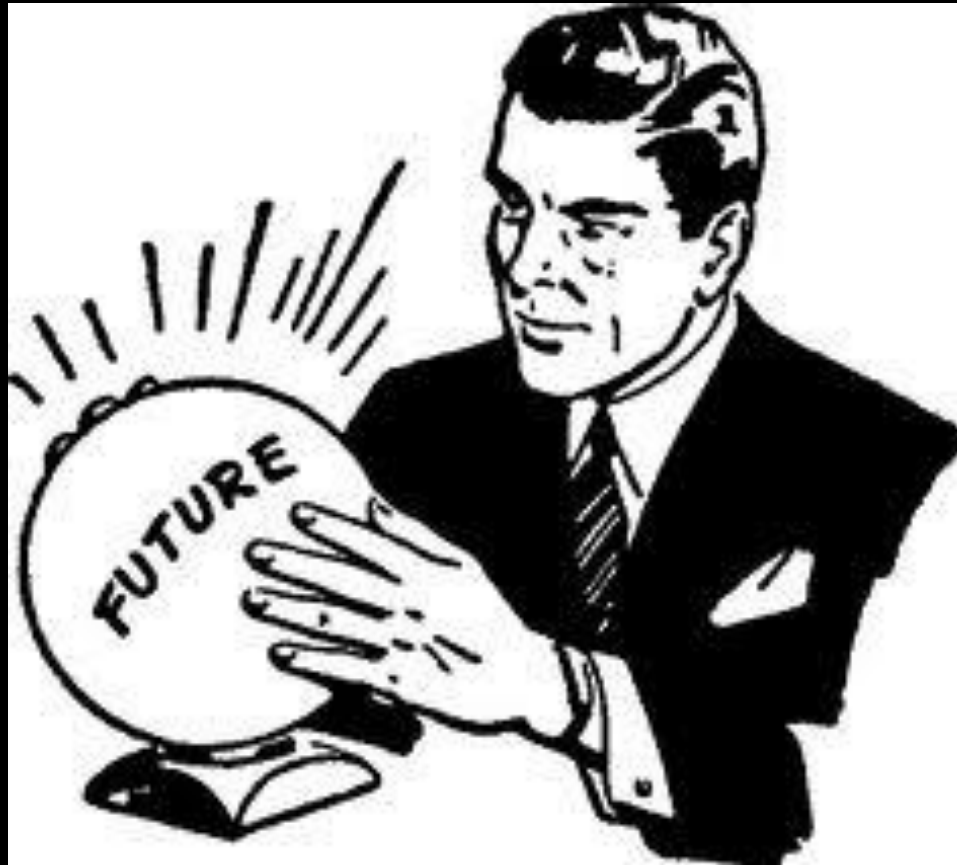
HOW FORESEEABLE WAS IT?

Historical flooding along the Front Range

- Boulder has not had a major flood recently, but **it is a question of when, not if.**
- In 1997, the Fort Collins flood caused \$200 million in damage and claimed five lives. The flood was caused by a storm that dumped 14.5 inches of rain. Storms of this magnitude are not uncommon along the Front Range, yet flooding in Boulder can occur with only three inches of rainfall.
- In 1976, the Big Thompson flood claimed more than 300 houses and 130 lives when about 13 inches of rain fell in the canyon along Highway 34. The canyon is very similar to the canyons just west of Boulder.



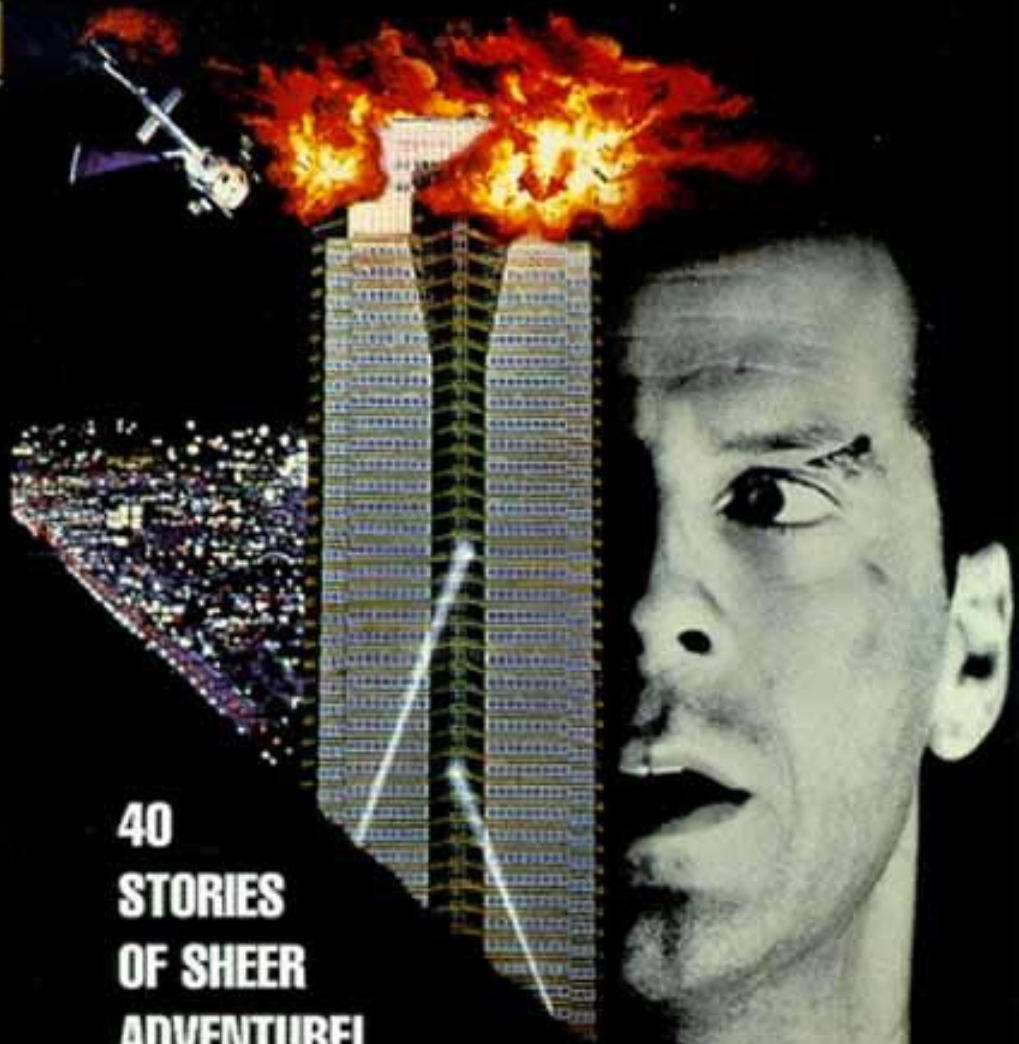
WHO CAN FORESEE THE FUTURE?



THE FOLLOWING **PREVIEW HAS BEEN APPROVED FOR
ALL AUDIENCES
BY THE MOTION PICTURE ASSOCIATION OF AMERICA, INC.**

www.filmratings.com

www.mpa.org



40
STORIES
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ADVENTURE!

BRUCE WILLIS
DIE HARD

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VIDEO

DIGITALLY THX MASTERED
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A movie poster for the film 'Contagion'. The background is a close-up of Marion Cotillard's face, looking upwards and to the left with a concerned expression. The lighting is dim and yellowish. At the top, the text 'DON'T TALK TO ANYONE. DON'T TOUCH ANYONE.' is written in a bold, yellow, sans-serif font. In the lower half, 'MARION COTILLARD' is written in yellow, and 'CONTAGION' is written in large, white, bold letters. Below the title, 'SEPTEMBER 9' is written in red. At the very bottom, there is a small line of text: 'A FILM BY STEVEN SOEDERBERG' and a small logo on the right.

**DON'T TALK TO ANYONE.
DON'T TOUCH ANYONE.**

MARION COTILLARD
CONTAGION

SEPTEMBER 9

A FILM BY STEVEN SOEDERBERG

The single biggest threat to man's continued dominance on the planet is the virus.

Joshua Lederberg Ph.D
Nobel Laureate

These animals carry a deadly virus...



And the greatest medical crisis since you started your job begins.

HARRY W. RHULEN
OUTBREAK

Try to get excited.

FIRESTORM presents

a HARRY W RHULEN production FIRESTORM SOLUTIONS,LLC
JIM SATTERFIELD SUZANNE LOUGHLIN in conjunction with THE CENTER FOR DISEASE CONTROL
THE WORLD HEALTH ORGANIZATION

SWINE FLU DOESN'T COME FROM KISSING PIGS

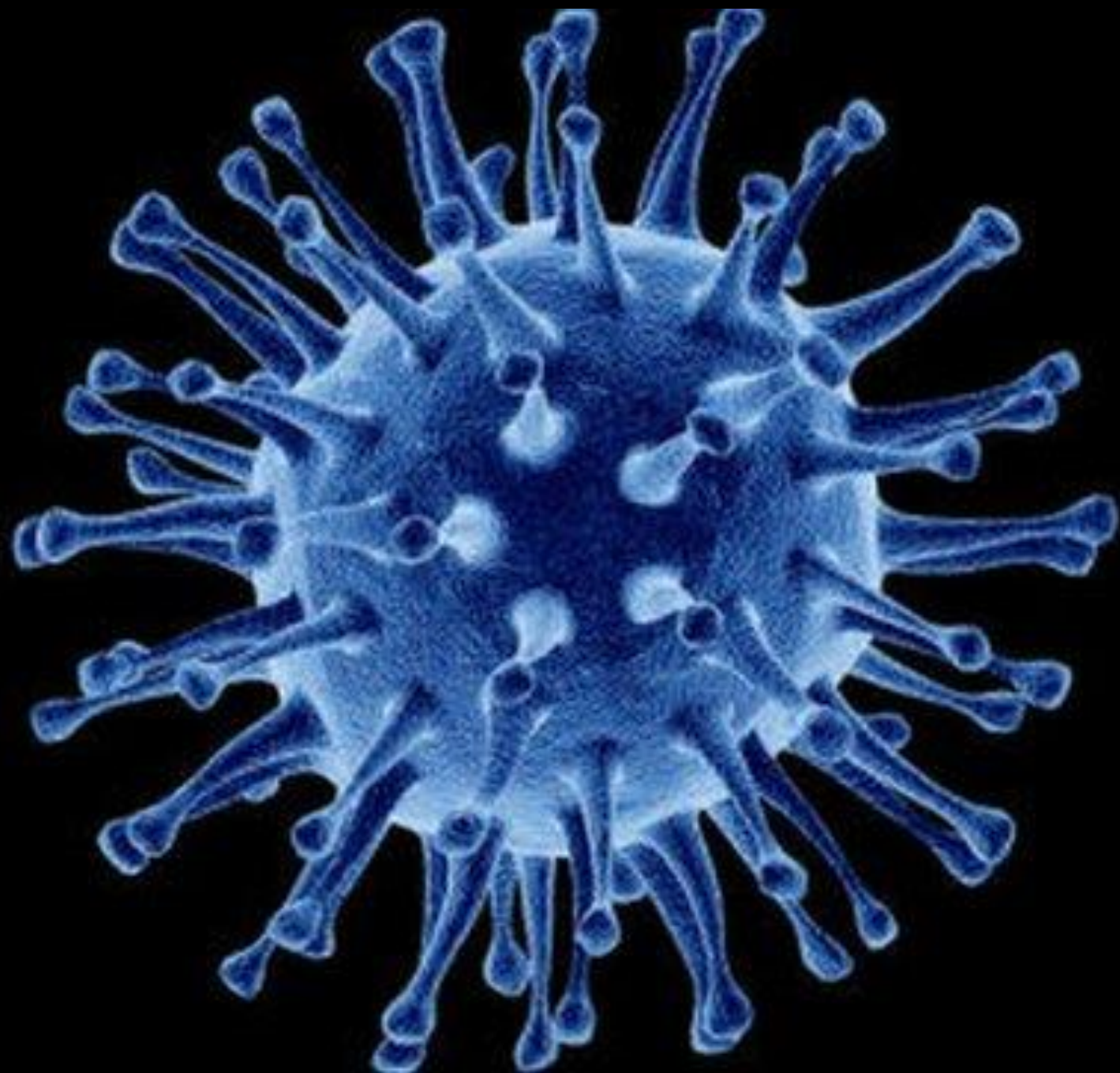


Every Crisis Is A Human Crisis.

The worst disasters are the ones which affect you.

THE PANDEMIC SCAM-WHY PLAN?

A large, stylized graphic of a human figure in flames, with the text 'THE PANDEMIC SCAM-WHY PLAN?' overlaid in white serif font. The flames are bright orange and yellow, set against a black background. The figure is positioned centrally, with the text superimposed over it.



Cumulative number of confirmed human cases for avian influenza A(H5N1) reported to WHO, 2003-2013

Country	2003-2009*		2010		2011		2012		2013		Total	
	cases	deaths	cases	deaths	cases	deaths	cases	deaths	cases	deaths	cases	deaths
Azerbaijan	8	5	0	0	0	0	0	0	0	0	8	5
Bangladesh	1	0	0	0	2	0	3	0	1	1	7	1
Cambodia	9	7	1	1	8	8	3	3	17	10	38	29
China	38	25	2	1	1	1	2	1	2	2	45	30
Djibouti	1	0	0	0	0	0	0	0	0	0	1	0
Egypt	90	27	29	13	39	15	11	5	4	3	173	63
Indonesia	162	134	9	7	12	10	9	9	1	1	193	161
Iraq	3	2	0	0	0	0	0	0	0	0	3	2
Lao People's Democratic Republic	2	2	0	0	0	0	0	0	0	0	2	2
Myanmar	1	0	0	0	0	0	0	0	0	0	1	0
Nigeria	1	1	0	0	0	0	0	0	0	0	1	1
Pakistan	3	1	0	0	0	0	0	0	0	0	3	1
Thailand	25	17	0	0	0	0	0	0	0	0	25	17
Turkey	12	4	0	0	0	0	0	0	0	0	12	4
Viet Nam	112	57	7	2	0	0	4	2	2	1	125	62
Total	468	282	48	24	62	34	32	20	27	18	637	378

COMMUNICABLE ILLNESS



COMMUNICABLE ILLNESS PLAN

Introduction
Version: 1.0
Updated: 04.18.13

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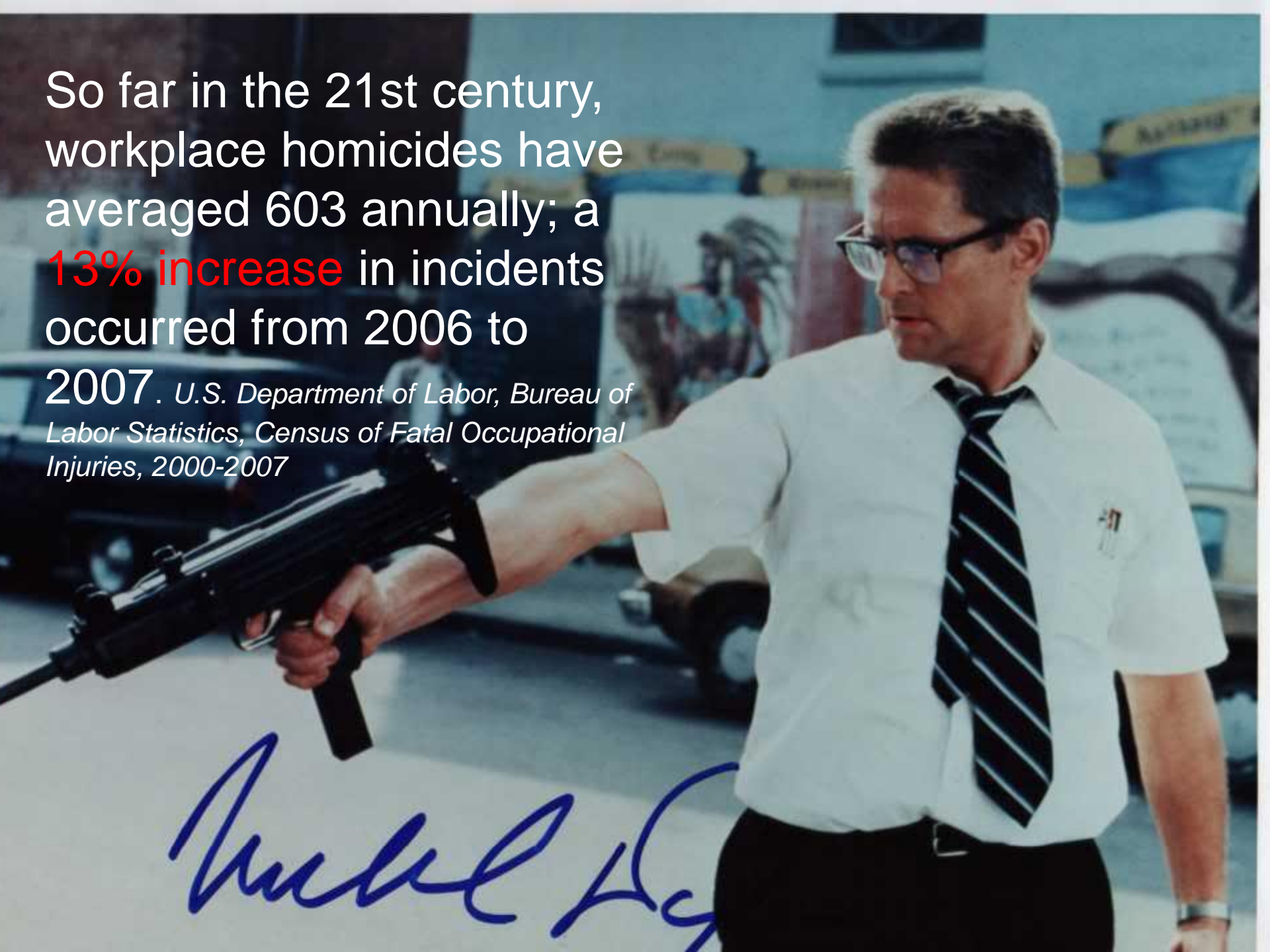
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So far in the 21st century,
workplace homicides have
averaged 603 annually; a
13% increase in incidents
occurred from 2006 to

2007. *U.S. Department of Labor, Bureau of
Labor Statistics, Census of Fatal Occupational
Injuries, 2000-2007*



MICHAEL DOUGLAS

70% of workplaces have *no* formal workplace violence program, despite findings that there are thousands threats of violence every workday

FALLING DOWN

A Joel Schumacher Film

WARNER BROS. PRESENTS
A PRODUCTION OF THE STONEY CRYAL & ROSENBERG ENTERPRISES AND ALVIN FLAEG, IN ASSOCIATION WITH WARNER BROS. PICTURES A FILM BY JOEL SCHUMACHER MICHAEL DOUGLAS ROBERT CRUICK "FALLING DOWN"
DARRIN HENREY RACHEL TUCKER FREDERIC THURSTON AND TUESDAY WELLS COSTUME DESIGNER JAMES NEWTON HOWARD EXECUTIVE PRODUCERS DAN KUSLOFF PRODUCED BY PAUL HIRSCH WRITTEN BY ROBERT CRUICK PRODUCED BY JACOB ANKOVIC AND ANDREW J. BARTON
CASTING BY ARMIN ARNDTMAN COSTUME DESIGNER ERIC RUI SMITH EXECUTIVE PRODUCERS BRUNO KAPPELSON HERSCHEL WEINBERG AND THOMAS HARRIS DIRECTOR OF PHOTOGRAPHY JOEL SCHUMACHER

WORKPLACE VIOLENCE



WORKPLACE VIOLENCE TOOLKIT

FAST START TO A WORKPLACE VIOLENCE
PREVENTION PROGRAM™

Materials Included in your Toolkit

- Section 1 - Introduction & Overview
- Section 2 - How-to Instructional Manual
- Section 3 - Board Resolution
- Section 4 - Workplace Violence Prevention Program Framework
- Section 5 - Workplace Violence Policy
- Section 6 - Workplace Violence Plan
- Section 7 - Hazard Identification and Risk Assessment
- Section 8 - Prevention-Mitigation-Control
- Section 9 - Incident Reporting, Investigation, & Corrective
- Section 10 - Training & Awareness
- Section 11 - Responding to Threats & Acts of Workplace Violence
- Section 12 - Legal Issues
- Section 13 - Workplace Violence Employee Handbook
- Section 14 - Domestic Violence in the Workplace
- Section 15 - Additional Policies
- Section 16 - Checklists & Forms
- Section 17 - Glossary of Terms
- Section 18 - Appendices
 - A. DHS Active Shooter/Response Booklet
 - B. Domestic Violence Workplace Assaults Survey Report

Business Continuity Planning Tools - Cover
Page
Created: 11.01.2010
Version: 1.0
Updated:

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An Event...



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AVA GARDNER · GEORGE KENNEDY

LORNE GREENE · GENEVIEVE BUJOLD · RICHARD ROUNDTREE

Co-starring MARJOE GORTNER · BARRY SULLIVAN · LLOYD NOLAN · VICTORIA PRINCIPAL

Written by GEORGE FOX and MARIO PUZO Music by JOHN WILLIAMS Produced and Directed by MARK ROBSON

Executive Producer JENNINGS LANG · A MARK ROBSON-FILMAKERS GROUP PRODUCTION A UNIVERSAL PICTURE · SICHNIGOLD® PRODUCTION™

PG PARENTS STRONGLY CAUTIONED



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UNIVERSAL PICTURES

"EARTHQUAKE"



by far the most terrifying film
you will ever see.

an inconvenient truth

A GLOBAL **WARNING**



FORESEEABLE LOSSES



From the Creators of
"JURASSIC PARK"

and the Director of
"SPEED"

TWISTER

The Dark Side of Nature.



WARNER BROS. and UNIVERSAL PICTURES

AMBLIN ENTERTAINMENT presents JAN DE BONT HELEN HUNT BILL PAXTON "TWISTER" JAMI GERTZ and CARY ELWES

Music by MARK MANCINA Executive Producers STEVEN SPIELBERG, WALTER PARKES, LAURIE McDONALD and GERALD R. MOLEN

Screenplay by MICHAEL CRICHTON and ANNE-MARIE MARTIN Produced by KATHLEEN KENNEDY, IAN BRUCE and MICHAEL CRICHTON Directed by JAN DE BONT





TWO F5's? SAME TOWN?

A Comparison of the Preliminary Tornado Track for the May 20, 2013 Newcastle-Moore-South OKC Tornado with the May 3, 1999 Tornado Track



BIGGEST DANGER - RATE OF CHANGE



SOCIAL MEDIA RISK



ABC MANUFACTURING SOCIAL MEDIA RISK PLAN

Date: June 19, 2013

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PROGRESSIVE[®]

My Sister Paid Progressive Insurance to Defend Her Killer In Court

The Auto Insurance Case That Blew Up on the Internet



Douglas Healey for The New York Times

tumblr.

Brother of Progressive Customer
Tumblr post:

“My Sister Paid Progressive Insurance to Defend Her Killer In Court. . . . At the trial, the guy who killed my sister was defended by Progressive's legal team.”

twitter



Mark Frost @mfrost11

17 Aug

Don't go with the Flo. RT @nytimes Progressive Insurance seems to have done everything wrong in Katie **Fisher's case** nyti.ms/NMYI6t

Expand



The New York Times @nytimes

17 Aug

Progressive Insurance "seems to have done absolutely everything wrong" in Katie **Fisher's case** says @ronlieber nyti.ms/NMYI6t

Expand



Liz Heron @lheron

17 Aug

.@Progressive to pay "10s of 1000s" of dollars to Katie **Fisher's family** after insurance **case** went viral on.wsj.com/N8YLpj

Expand



Celebrate Woman @DiscoverSelf

17 Aug

Shame on #Progressive #Insurance & their actions in the **Fisher Case!** ow.ly/d2PQT

Expand



Celebrate Woman @DiscoverSelf

17 Aug

Understanding #Insurance - Update on the Kaitlynn **Fisher Case**. Would U have this company as your insurer? Never will !! ow.ly/d2PJX

Expand

Progressive robo-tweets spark social media crisis

CNNMoney

68 comments

By Brian Patrick Eha @CNNMoneyTech August 16, 2012: 11:59 AM ET

Tweet

219

Share

+1

11

Email
Print

Tweets All / No replies



Progressive @Progressive

16h

@mbeckler This is a tragic case, and our sympathies go out to Mr. Fisher and his family for the pain they've (cont) tl.gd/iqv5qi

Expand



Progressive @Progressive

16h

@alexblagg This is a tragic case, and our sympathies go out to Mr. Fisher and his family for the pain they've (cont) tl.gd/iqv2sf

Expand



Progressive @Progressive

16h

@pkollar This is a tragic case, and our sympathies go out to Mr. Fisher and his family for the pain they've (cont) tl.gd/iqv253

Expand



Progressive @Progressive

16h

FROM: TWITTER.COM

Progressive's stiff official statement on the Katie Fisher case didn't play well with the Twitter audience.

Recent Posts By Others



Harish Subramanian

Let's Boycott Progressive, e
trying not to pay.....

[Like](#) · [Comment](#) · 16 minutes ago



Jamie Amir

Have been a policy holder fi
of this month. We will not b
insurance company ever ag
the kind of thing you never
know. Who knew that your
much.

[Like](#) · [Comment](#) · 23 minutes ago



Caleb Matthew C. Wilian

Just thought I would stop by
employment in a bank I beg
policyholders to get paid the
looking for another insuran
brought to light via social m
priority for this week, is to
have multiple policies and i
Tell Netflix hello when you

[Like](#) · [Comment](#) · 25 minutes ago



Aaron Brown

Will never be a Progressive customer after reading about the Fisher case, and will warn others as well. Unbelievable that it takes this kind of publicity/outrage to achieve simple decency.

[Like](#) · [Comment](#) · 51 minutes ago



Babak Salahbin

Wow, Progressive...shame shame shame...it only took negative publicity for you to keep your word on your policies instead of your moral obligation to do what is right?...what type of heartless corporate company are you?

[Like](#) · [Comment](#) · about an hour ago



Joji George

Wow.. just read about the Katie story on CNN. I have never been a progressive customer; but we sure learn from others mistakes.

[Like](#) · [Comment](#) · about an hour ago near Trevoze, PA



Jinny Case

Let me say that all the "Flo"s in the world couldn't get me to look at your company seriously now. May other insurance companies stand up and take notice.

[Like](#) · [Comment](#) · 5 hours ago

[Progressive Settles After Terrible Insurance Tale Goes Viral](#)

Truthdig - Aug 17, 2012

Progressive has settled with the family of a policyholder that claimed the insurance company defended her killer, but the deal came about only after the truly awful story made its way around the Internet. Matt Fisher, the policyholder's brother, blogged about his ...

[Progressive settles with accident victim's family after tale went viral](#)

CNNMoney - Aug 17, 2012

NEW YORK (CNNMoney) -- Insurance company **Progressive** felt the wrath of the Internet this week after the brother of a policyholder who died in a car crash posted a startling missive about how the family's claim was handled. **Progressive** has now reached a ...

[Progressive settles with family of deceased policyholder](#)

KKCO-TV - 11 hours ago

MAYFIELD VILLAGE, Ohio (AP) The settlement comes just three days after the policyholder's brother, Matt Fisher, took to his blog to say that the other driver involved in the fatal accident "was defended by **Progressive's** legal team" when his family sued the ...

[Insurance Spat That Went Viral Ends in Settlement](#)

Wall Street Journal (blog) - Aug 17, 2012

Progressive Corp. has said it reached a settlement with the family of a deceased policyholder after the family's complaints about the company ignited a firestorm of criticism about the way it handled her car-insurance claim. The settlement comes just three days ...



[Progressive Insurance Plays Word Games In PR Disaster](#)

The Moderate Voice - Aug 17, 2012

More than two years ago, a young woman in Baltimore was killed when her car was struck by another car. The guy's insurance paid up immediately; he had run a red light. He was underinsured, but the woman carried underinsured motorist insurance.



**POLICY
FIGHT**

**PROGRESSIVE INSURANCE
SETTLES AFTER ONLINE UPROAR**

JOIN THE CONVERSATION ON 

@NEWSNATION

LUCK IS **NOT** A STRATEGIC PLAN



PERSPECTIVE

The black swan theory is a metaphor. The theory developed by Nassim Nicholas Taleb in his book by the same name, a Black Swan must have the following three attributes:

- 1. It is an outlier, beyond the realm of regular expectations, because experience can't point to its possibility –

In the eyes of the viewer

- 2. It carries an extreme impact.
- 3. After the fact we produce explanations for its occurrence, making it explainable and predictable.



WHY WE DISCOUNT RISK



TIME ALTERS OUR PERCEPTION OF RISK



IT CAN'T HAPPEN TO ME



IT CAN'T HAPPEN HERE



IT WON'T BE SO BAD



I AM SMARTER AND BETTER PREPARED



DISASTER DENIAL

“There cannot be a crisis next week. My schedule is already full.”

Henry Kissinger

9/11. Katrina. Virginia Tech.

These are not the worst disasters you will see



WHAT IS A CRISIS TO AN ACTUARY?

A crisis is a risk-based event which one has not fully examined, has no plan for, and therefore cannot control or mitigate the outcome.



LONG, FAT TAIL?



“IF YOU WANT TO LIVE, LEAVE”

Trying to respond to events as they unfold, will result in sub-optimal decision making and poor communications.



PREDICT. PLAN. PERFORM.

PLAN. PREPARE. PARTNER.



GOALS FOR TODAY

CREATE AWARENESS

JOIN FORCES – EXPERTS AND ACTUARIES

EMPOWER CLIENTS



ACTUARIES CAN MAKE A DIFFERENCE

“I have always tried to turn every disaster into an opportunity.”

John D. Rockefeller

DISASTER DUE DILIGENCE

If you had to respond now,
would you be ready?

PREDICT. PLAN. PERFORM.™

