Case Question 1\_Firestone Canada Inc.

Due on September 13 (Thursday)

This case covers many important concepts including samples, population, descriptive statistics (mean & standard deviation). It also considers variation in data and business risk. Each team should answer the following questions:

1. What are probabilities that the insurance company will have to make refunds in the cities for which data are provided (London, Toronto & Vancouver)?
2. Do the snowfall distributions (in cms/year) fit normal distribution?
3. Does the way in which the official mean is computed affect the refund probabilities?
4. What is the expected value of the program to the consumer buying a snow tire in these cities?
5. Should Firestone go ahead with this program?