**Topics: Normal distribution, Functions of Random Variables**

1. The time required for servicing transmissions is normally distributed with *μ* = 45 minutes and *σ* = 8 minutes. The service manager plans to have work begin on the transmission of a customer’s car 10 minutes after the car is dropped off and the customer is told that the car will be ready within 1 hour from drop-off. What is the probability that the service manager cannot meet his commitment?
2. 0.3875
3. 0.2676
4. 0.5
5. 0.6987

Ans) 0.2676

1. The current age (in years) of 400 clerical employees at an insurance claims processing center is normally distributed with mean *μ* = 38 and Standard deviation *σ* =6. For each statement below, please specify True/False. If false, briefly explain why.
2. More employees at the processing center are older than 44 than between 38 and 44.

Ans)

probability of employees at processing center older than 44 is 15.87% i.e., 63 out of 400.

Probability of employees at processing center in between 38 & 44 is 34.13% i.e., 137 out of 400.

Hence, the statement “More employees at the processing center are older than between 38 and 44 is FALSE.

1. A training program for employees under the age of 30 at the center would be expected to attract about 36 employees.

Ans)

Probability of employees under the age of 30 at the center is 0.0915 i.e., 36 out of 400. Hence, the statement “A training program for employees under the age of 30 at the center would be expected to attract about 36 employees is TRUE.

1. If *X1* ~ *N*(μ, σ2) and *X*2 ~ *N*(μ, σ2) are *iid* normal random variables, then what is the difference between 2 *X*1 and *X*1 + *X*2? Discuss both their distributions and parameters.

Ans) The mean of 2 *X*1 and *X*1 + *X*2 is same but the var(σ2) of 2 *X*1 is 2 times more than the

variance of *X*1 + *X*2.

The difference between the two says that the two given variables are identical and

independently distributed.

1. Let X ~ N(100, 202). Find two values, *a* and *b*, symmetric about the mean, such that the probability of the random variable taking a value between them is 0.99.
2. 90.5, 105.9
3. 80.2, 119.8
4. 22, 78
5. 48.5, 151.5
6. 90.1, 109.9

Ans) D

1. Consider a company that has two different divisions. The annual profits from the two divisions are independent and have distributions Profit1 ~ N(5, 32) and Profit2 ~ N(7, 42) respectively. Both the profits are in $ Million. Answer the following questions about the total profit of the company in Rupees. Assume that $1 = Rs. 45
2. Specify a Rupee range (centered on the mean) such that it contains 95% probability for the annual profit of the company.

Ans) Range is Rs (99.00810347848784, 980.9918965215122) in Millions.

1. Specify the 5th percentile of profit (in Rupees) for the company

Ans) The 5th percentile of profit if 170 ( in million rupees).

1. Which of the two divisions has a larger probability of making a loss in a given year?

Ans) The first division has larger probability of 4.7% of making loss in a given year.