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: B

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: False: As value calculated shows that employees between 38 and 44 of age is more*.*

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

Ans: 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 2X1 and X1+X2 is same but the variance of 2X1 is 2 times more than the variance of X1+X2 the distribution remains the same for every sample of similar source and fall under Normal distribution with slight deviations in parameters.

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: :The range in rupees at 95% probability is 99.008 -980.99 crore

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

Ans: The fifth percentile of profit is Rs 170 cror

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

Ans: Division 2