**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: There are more employees older than 44 than there are between 38 and 44.**

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

**Ans: False : If you want to attract employees under 30, you might get around 37 employees, not exactly 36. So, it's not exactly 36, but close to it.**

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: So, both 2X1 and X1 + X2 follow normal distributions with the same mean (2μ), but 2X1 has a larger variance (4σ^2) compared to X1 + X2 (2σ^2). This means that 2X1 is more spread out compared to X1 + X2, which is a bit narrower.**

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
7. 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
8. Specify a Rupee range (centered on the mean) such that it contains 95% probability for the annual profit of the company.

**Ans: Range ( 9.900000000000002 – 9.8.1) in Millions**

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

**Ans: The 5th percentile of profit for the company is 17.0 Crore Rupees**

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

**Ans: The Probability of division #1 making a loss is 4.78 %**

**The probability of division #2 making a loss is 4.01 %**

**The Division 1 has a larger Probability of making a loss**