**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

**Solution attached file A\_2\_set2 Ipynb**

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

**Solution attached file A\_2\_set2 Ipynb**

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.

**Solution –**

The normal distribution has thee link with the central limit theorem, which states that Any large sum of independent identically distribution random variable are approximately Normal, then (X1+X2)and (2X1) tends to have Normal distribution only if X1 and X2 are i.i.d and n is large .

The difference between 2X1 and (X1+X2) is the magnitude they hold of two different samples subsets(X1 &X2) from the same source(population).

X1&X2 can be a different subset of a sample from a similar source (population) but

If X1~N(µ,σ2) then 2X1~N(2µ, 4σ2),

If X1~N(µ,σ2) and X2~N(µ,σ2) are iid normal random variables then(X1+X2)(2µ,2σ).

Hence, 2X1-(X1+X2)~(2µ-2µ,4σ2+2σ2).

The distribution remains the same for every sample subset of similar source, it tends to fall under Normal distribution and slight deviation in parameters.

The Normal distribution has two parameters , the mean, µ and the variance σ2. µ and σ2 satisfy -∞<µ<∞, σ2>0, we write X~Normal(µ,σ2) or X~N(µ, σ2).

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

**Solution attached file A\_2\_set2 Ipynb**

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.
3. Specify the 5th percentile of profit (in Rupees) for the company
4. Which of the two divisions has a larger probability of making a loss in a given year?

**Solution attached file A\_2\_set2 Ipynb**