**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. True

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

Ans.

False. The expected number of employees under 30 can be estimated from the proportion of employees with ages less than 30, but it may not precisely equal 36 due to the continuous nature of the normal distribution and rounding in calculations.

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.

1. 2x1 follows a normal distribution with mean 2μ, and variance 4 σ2.
2. *X*1 + *X*2 also follows a normal distribution with mean 2μ and varience 2 σ2.
3. 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.
4. 90.5, 105.9
5. 80.2, 119.8
6. 22, 78
7. 48.5, 151.5
8. 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 of annual profit for the company with 95% probability is approximately (1.04 to 13.88) million Rupees.

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

**Ans**. There's a 5% chance of making no profit or a loss.

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

**Ans.** Profit1 division has a larger probability of making a loss in a given year with approximately 8.1% chance, compared to Profit2's 2.28% chance of making a loss.