**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.

Mean = 38

SD= 6

Z score = (value-Mean)/SD

Z score for 44 = (44-38)/6 = 1

=> 84.13 %

People above 44 age = 100 - 84.13 = 15.87% ≈ 63 out of 400

Z score for 38 = (38 - 38)/6 = 0

=> 50%

Hence People between 38 & 44  age = 84.13 - 50 = 34.13 % ≈  137 out of 400

Hence More employees at the processing center are older than 44 than between 38 and 44. is F****ALSE****

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: -** As we know that if X ∼ N (μ1, σ1^2), and Y ∼ N (μ2, σ2^2) are two independent random variables then X + Y ∼ N (μ1 + μ2, σ1^2 + σ2^2), and X − Y ∼ N (μ1 − μ2, σ1^2 + σ2^2).

Similarly if Z = aX + bY , where X and Y are as defined above, i.e Z is linear combination of X and Y , then Z ∼ N(aμ1 + bμ2, a^2σ1^2 + b^2σ2^2 ).

Therefore, in the question

2X1~ N (2 u,4 σ^2) and

X1+X2 ~ N (μ + μ, σ^2 + σ^2) ~ N (2 u, 2σ^2)

2X1-(X1+X2) = N (4μ,6 σ^2)



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.
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?

Ans: - Profit1+profit2~N(5+7,3 2+42)= Profit~N(12,5)

Range = 12-19.6×5,12+ 1.96 ×5

=$2.2, $22.8

=Rs.99, Rs.1026

B) P(Z<=(p-12)/5)=0.05

p-12/5= -1.644

p=12 – 8.22 = $3. 78 = rs.170.1

C) When profit is less than 0 then loss

p-12/5= -1.644

p= 12-8.22 - $3.78 = Rs.170.1

C)When profit is less 0 then loss

D) The first division of company, thus have large probability of making Loss

in a given year.