**Topics: Normal distribution, Functions of Random Variables**

1. The time required for servicing transmissions is normally distributed with *m* = 45 minutes and *s* = 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}0.2676**

**(1-pnorm(50,45,8)) = 0.265985529048701**  
The current age (in years) of 400 clerical employees at an insurance claims processing center is normally distributed with mean *m* = 38 and Standard deviation *s* =6. For each statement below, please specify True/False. If false, briefly explain why.

1. More employees at the processing center are older than 44 than between 38 and 44. ANS} **False , Because approx. 70% of the data falls within one standard deviation of the mean**

**µ+σ= 38+6=44**

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

Z=(X-µ)/ s

P(X≤30) =p (Z≤ (30-38)/6) =p(Z≤-1.33) = 0.0918(using z table) Expected count=0.0918\*400= 36.72

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 both are independent normal random variables, X1 + X2 is normal with N (µ1+µ2, σ1^2+σ2^2). And 2X1 will just scale the normal distribution by 2 times.

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

Stats.norm.interval(0.99,100,20)

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}  **95% probability lies between the 1.96 S.D of the mean**  
    **Thus range is(12-1.96\*5,12+1.96\*5)=($2.2M,$22.8M)**
3. Specify the 5th percentile of profit (in Rupees) for the company

ANS} **Rs 170.1 Million**

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

ANS} **The first division of company, thus have larger probability of making a loss in a given year.**

Stats.norm.cdf(0,5,3)

Stats.norm.cdf(0,7,4)