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

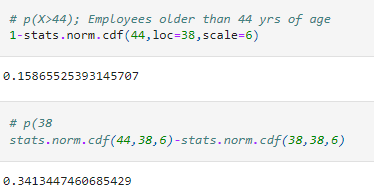
1. The time required for servicing transmissions is normally distributed with *μ* = 45 minutes and *σ* = 8 minutes. The service manager plans to have work begin on the transmission of a customer’s car 10 minutes after the car is dropped off and the customer is told that the car will be ready within 1 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

Answer : = (60-55)/8

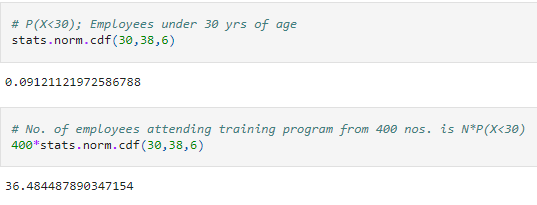
= 0.625

P(0.625)=  **0.2676**

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.: **False**



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

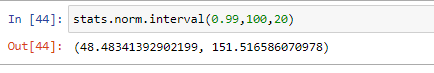
Solution:

Var(2\*X1) = 2^2\*Var(1,2^2)  
= 4\*Var(1,4)  
= Var(4,16)  
  
Var(X1 + X2) = Var(X1) + Var (X2)  
= Var(1, 2^2) + Var(1, 2^2)  
= var (1,4) + var (1,4)  
= var (2,8)  
  
It means that Var (2\*X1) has 2 times more variance value than Var(X1+X2)

The difference between the two says that the two given variables are **identically** and **independently** distributed.

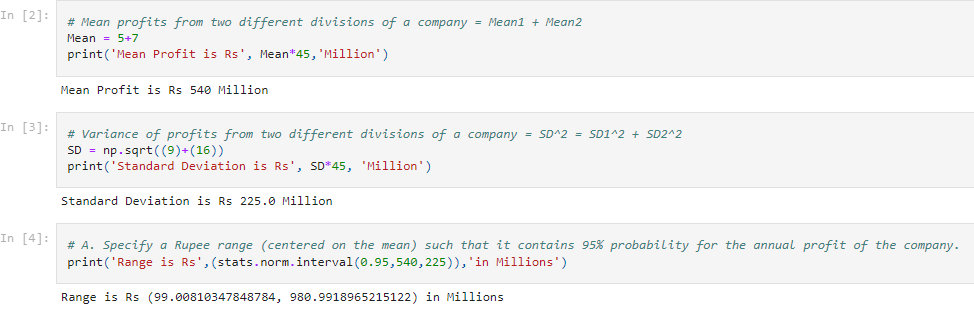
1. Let X ~ N(100, 202). Find two values, *a* and *b*, symmetric about the mean, such that the probability of the random variable taking a value between them is 0.99.
2. 90.5, 105.9
3. 80.2, 119.8
4. 22, 78
5. 48.5, 151.5
6. 90.1, 109.9

Answer: D



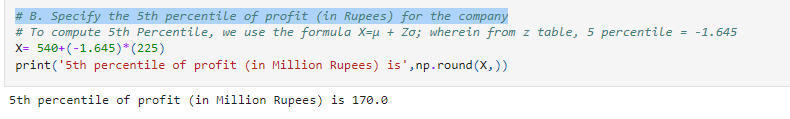
1. Consider a company that has two different divisions. The annual profits from the two divisions are independent and have distributions Profit1 ~ N(5, 32) and Profit2 ~ N(7, 42) respectively. Both the profits are in $ Million. Answer the following questions about the total profit of the company in Rupees. 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.

**Answer:**



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

**Answer:**



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

**Answer:**

