**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: There are 50 minutes remaining to finish the task because work starts 10 minutes after the car is dropped off.

P(X>50) =1- P(X<=50)

Convert 50 to Z-score

z = (x-μ) / σ

=(x-45)/8

P(X<=50) = P(Z<=(50-45)/8)=P(Z<=0.625)=0.73237=73.237%

the probability that the service manager cannot meet his commitment = 100 -73.237

= 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.

Ans: This claim is false because the mean of the data is 44 standard deviations, or roughly 70% of the data.

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)/σ

P(X<=30) = P(Z<=(30-38)/6=P(Z<=1.33) = 0.0918

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+ σ2) 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

Ans: option D is the correct answer

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: Range is Rs(99.00810347848784, 980.9918965215122) in Millions

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

Ans: 5th percentile of profit (in Million rupees) is 170

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

Ans: 0.040059156863817086