**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: 0.2659**

**Explanation:**

The work begin after 10 min, so the average time increase from 45min to 55min.

for normal distribution :-

z = (X-μ)/б

= (60-55)/8

= 0.625

In R software for probability finding we use function called pnorm

As we want to find the probability of service manager cannot meet his commitment, So we should write below command.

1-pnorm(0.625)

=0.2659

**OR**

In R software we can directly write code

1-pnorm(60, mean=55, sd=8)

=0.2659

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

**Solution:**

1. 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**

B) Z score for 30  = (30 - 38)/6 =  -1.33  =  9.15  %   ≈ 36 out of 400

Hence 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.

**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 ).

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:**

we need to find out the values of a and b, which are symmetric about the mean, such that the probability of random variable taking a value between them is 0.99, we have to work out in reverse order. The Probability of getting value between a and b should be 0.99. So the Probability of going wrong, or the Probability outside the a and b area is 0.01 (ie. 1-0.99).The Probability towards left from a = -0.005 (ie. 0.01/2). The Probability towards right from b = +0.005 (ie. 0.01/2).

So since we have the probabilities of a and b, we need to calculate X, the random variable at a and b which has got these probabilities. By finding the Standard Normal Variable Z (Z Value), we can calculate the X values.Z=(X-μ) / σ For Probability 0.005 the Z Value is -2.57 (from Z Table).Z \* σ + μ = XZ(-0.005)\*20+100 = -(-2.57)\*20+100 = 151.4Z(+0.005)\*20+100 = (-2.57)\*20+100 = 48.6

**So, the correct answer is “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 is in jupyter Ans\_5**