**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?

Solution in python

1. 0.3875
2. 0.2676
3. 0.5
4. 0.6987
5. 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.
6. More employees at the processing center are older than 44 than between 38 and 44.

FALSE

Explanation:

Employee whose age is more than 44 so we have to calculate area under the curve and the right side of the probability

z=(44-38)/6

=1

Calculating the probability value using the z-score

P = 1-stats.norm.cdf(1)

= 0.15 or 15 %

z=(38-38)/6

=0

z=(44-38)/6

=1

Calculating the probability value of having the age between 38 and 44 using the z-score is stats.norm.cdf(1)-stats.norm.cdf(0)

= 0.34 or 34 %

Since the proportion of employees who are older than 44 is less than the proportion of employees who are between 38 and 44, the statement "More employees at the processing center are older than 44 than between 38 and 44" is false.

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

TRUE

Explanation: To find the employee age under 30 we need to find area under the curve and the left side of the probability

z=(30-38)/6

=-1.33

Calculating the probability value of having the age under 30 using the z-score is stats.norm.cdf(-1.33)

= 0.0918 or 9 %

To determine the number of workers we multiply the above percentage

= 0.0918\*400

= 36.72

Therefore, the statement "A training program for employees under the age of 30 at the center would be expected to attract about 36 employees" is 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.

Answer:

2X1~N (2 µ, σ2)

X1 + X2 ~ N ( µ+µ, σ2,+σ2)~N(2 µ, 2 σ2)

For both distributions location parameter is same only scale parameter is different.

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
7. 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
8. Specify a Rupee range (centered on the mean) such that it contains 95% probability for the annual profit of the company.
9. Specify the 5th percentile of profit (in Rupees) for the company
10. Which of the two divisions has a larger probability of making a loss in a given year?

Answer:

Solved in Python.