**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: 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.

**True**

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.

2 *X*1= N (2μ,2 σ2)

*X*1 + *X*2= *N* (μ, σ2)+ *N*(μ, σ2) = *N*(2μ,4 σ2)

2 *X*1- *X*1 + *X*2 = N (2μ,2 σ2)- *N*(2μ,4 σ2)

= N (0, 6 σ2) # X-Y= N (μ1- μ2, σ12+ σ22)

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

Given:

Chart, line chart

Description automatically generated

+0.005

-0.005



80 100 120



Prob= 0.99

From the above fig, Prob of values not lying between a and b is 1-0.99= 0.01

Z= (X-μ) /σ

X = (Z\*σ )+μ

From the z table, z value for the Probability of 0.005 is -2.57

X =(-2.57\*20)+100 = 48.6

X =(+2.57\*20)+100 = 151.4

**So the value of a and b is 48.6 and 151.4**

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?