

BenCare Customer Loyalty Assignment #3
Due Saturday, 12/10

Bencare Insurance has collected customer data on LOYALTY and wants you to build a predictive model using a range of predictors as described in the “data-description” file. Customer loyalty is a continuously scaled variable.

BenCare is interested in a model that has high predictive power, is interpretable for competitive insights, not biased by violation of distributional and regression properties, and managerially implementable.

Your goal is to develop a predictive model that:

1. Has low test error
2. Few predictors selected optimally using subset, ridge or lasso regression
3. Is robust and not biased by violations
4. Includes interactions and polynomial terms (not more than degree 2).

Based on your analysis, prepare for submission:

1. 2-slide powerpoint presentation that you will present to Bencare with your findings
2. Properly annotated R-code file
3. Readme file with details about your approach