Quick Question

Quick Question

0/2 points (graded)

Suppose that instead of the baseline method discussed in the previous video, we used the baseline method of predicting the most frequent outcome for all observations. This new baseline method would predict cost bucket 1 for everyone.

What would the accuracy of this baseline method be on the test set?

0.683813495485857 ✖ **Answer:** 0.67127

0.683813495485857

What would the penalty error of this baseline method be on the test set?

0.73860547373937 ✖ **Answer:** 1.044301

0.73860547373937

Explanation

To compute the accuracy, you can create a table of the variable ClaimsTest$bucket2009:
table(ClaimsTest$bucket2009)
According to the table output, this baseline method would get 122978 observations correct, and all other observations wrong. So the accuracy of this

baseline method is 122978/nrow(ClaimsTest) = 0.67127.
For the penalty error, since this baseline method predicts 1 for all observations, it would have a penalty error of:
(0*122978 + 2*34840 + 4*16390 + 6*7937 + 8*1057)/nrow(ClaimsTest) = 1.044301

Submit You have used 7 of 7 attempts

Answers are displayed within the problem