

Name:

UTeid:

M339G Predictive Analytics
University of Texas at Austin
Mock In-Term Exam
Instructor: Milica Čudina

Notes: This is a closed book and closed notes exam. The maximal score on this exam is 70 points.

All written work handed in by the student is considered to be
their own work, prepared without unauthorized assistance.

The University Code of Conduct

"The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the university is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community. As a student of The University of Texas at Austin, I shall abide by the core values of the University and uphold academic integrity."

"I agree that I have complied with the UT Honor Code during my completion of this exam."

Signature:

1.1. DEFINITIONS.

Problem 1.1. (10 points) Provide the definition of *bias*.

Problem 1.2. (10 points) Provide the definition of the *mean-squared error* in the context of parameter estimation.

1.2. CONCEPTUAL QUESTIONS.

Problem 1.3. (10 points) Describe the difference between classification and regression.

1.3. FREE RESPONSE PROBLEMS. Please, explain carefully all your statements and assumptions. Numerical results or single-word answers without an explanation (even if they're correct) are worth 0 points.

Problem 1.4. (10 points) Consider a simple linear regression fitted on 20 observations. In our usual notation, you are given the following:

- $\sum (y_i - \hat{y}_i)^2 = 10$
- $\sum (\hat{y}_i - \bar{y})^2 = 112$

Find the coefficient of determination.

Problem 1.5. (15 points) *Source: An old SOA exam.*

Consider a multiple linear regression where predictor X_1 stands for the amount of precipitation in a month (in inches), predictor X_2 stands for the traffic volume in a month, and predictor X_3 stands for the indicator of whether a holiday weekend occurred during a particular month.

The response variable Y corresponds to the number of fatal car accidents.

You fit the data for the past year, and get the following coefficients

Intercept	-2.358
Precipitation	0.245
Volume	1.129
Holiday	2.334

- (i) (5 points) What is your prediction for a month with no holiday weekends, with the precipitation equal to 1.5 inches, and the traffic volume equal to 4?
- (ii) (5 points) How do you interpret the coefficient for *Precipitation*?
- (iii) (5 points) How do you interpret the coefficient for *Holiday*?

Problem 1.6. (10 points) *Source: MAS-I, Spring 2018.*

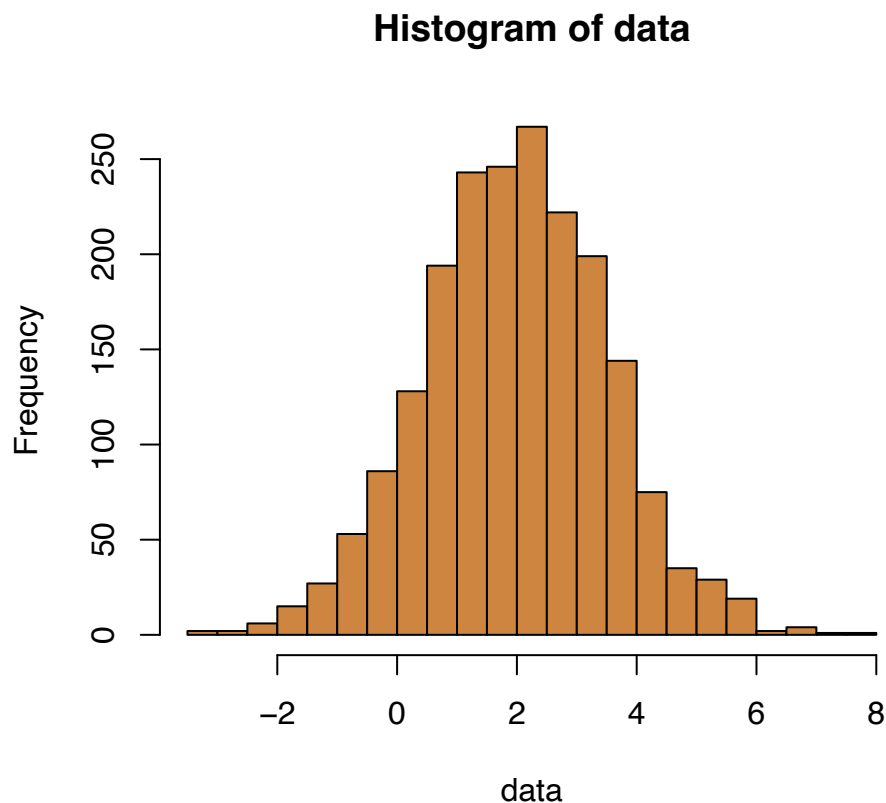
You are given the following information about an insurance policy:

- (i) The probability of a policy renewal $p(X)$ follows a logistic model with an intercept and one explanatory variable.
- (ii) $\hat{\beta}_0 = 5$
- (iii) $\hat{\beta}_1 = -0.65$

Calculate the fitted odds of renewal at $x = 5$.

1.4. MULTIPLE CHOICE QUESTIONS.

Problem 1.7. (5 points) You have a sample of size 252 from a distribution that you know from past experience looks like this:



Your task is to estimate its mean. Of the following, what procedure(s) would be acceptable in this case? Choose **all** that apply.

- (a) A 95% bootstrap confidence interval using quantiles.
- (b) Using the 't.test' command in **R**.
- (c) A $2SE$ bootstrap confidence interval.
- (d) The standard z -procedure 95%-confidence interval.
- (e) None of the above.