

Factors that Impact the Cost of Medical Insurance

Mikaela Connell



Business Problem

Business Problem:

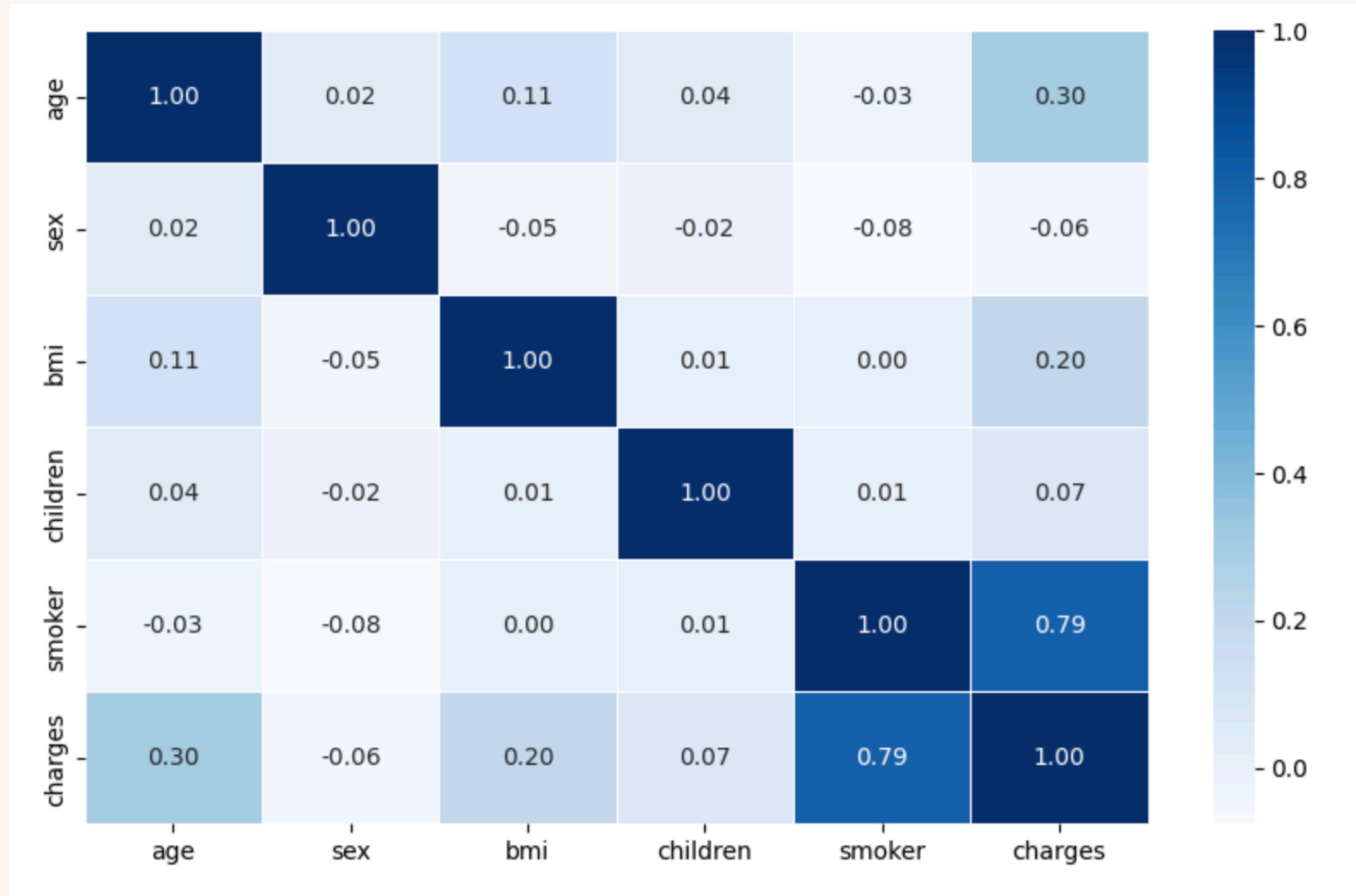
- How can insurance companies better predict which individuals are more likely to have higher medical costs?

Solution:

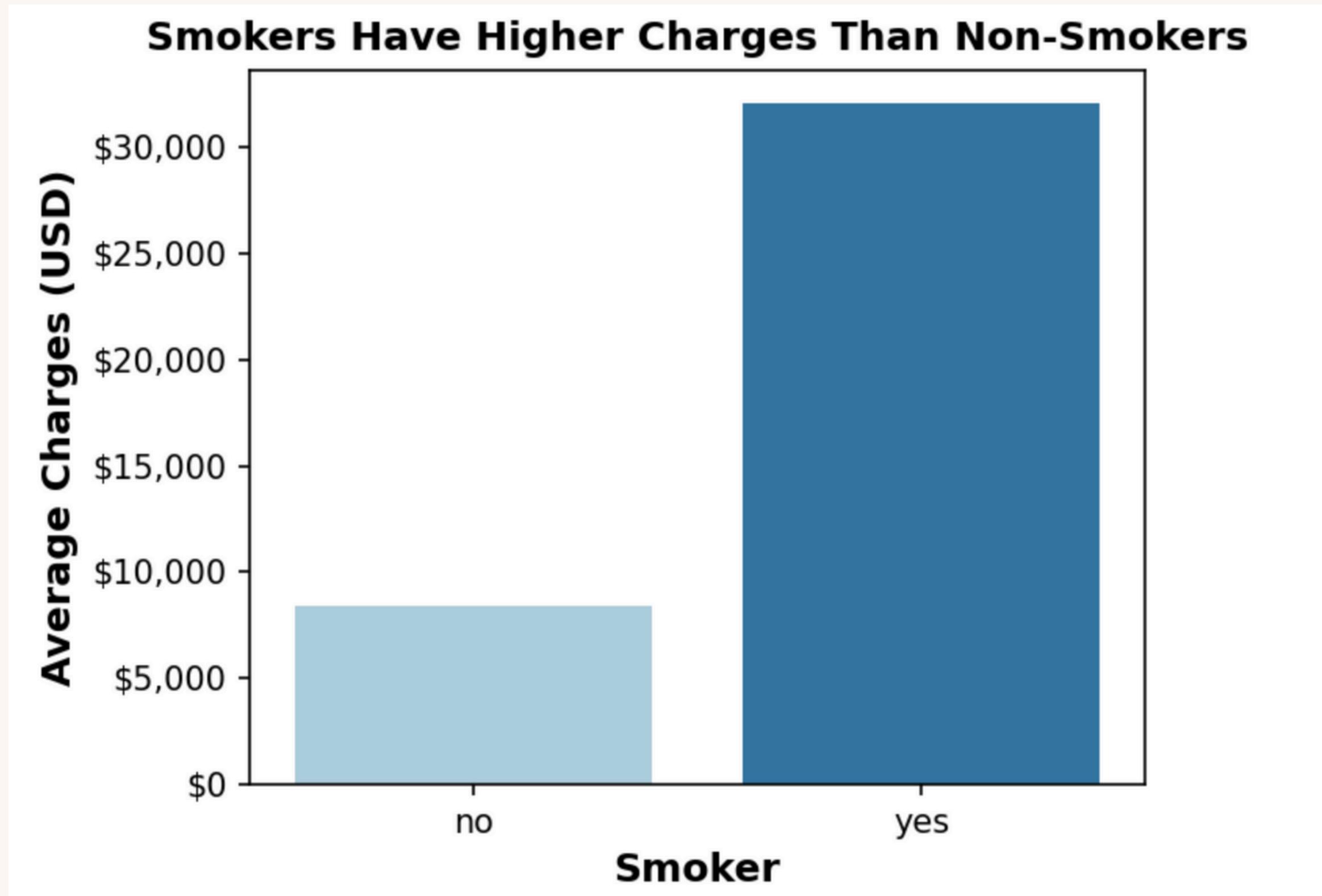
- Examine different attributes of individuals with different levels of spend to determine which groups of people to target



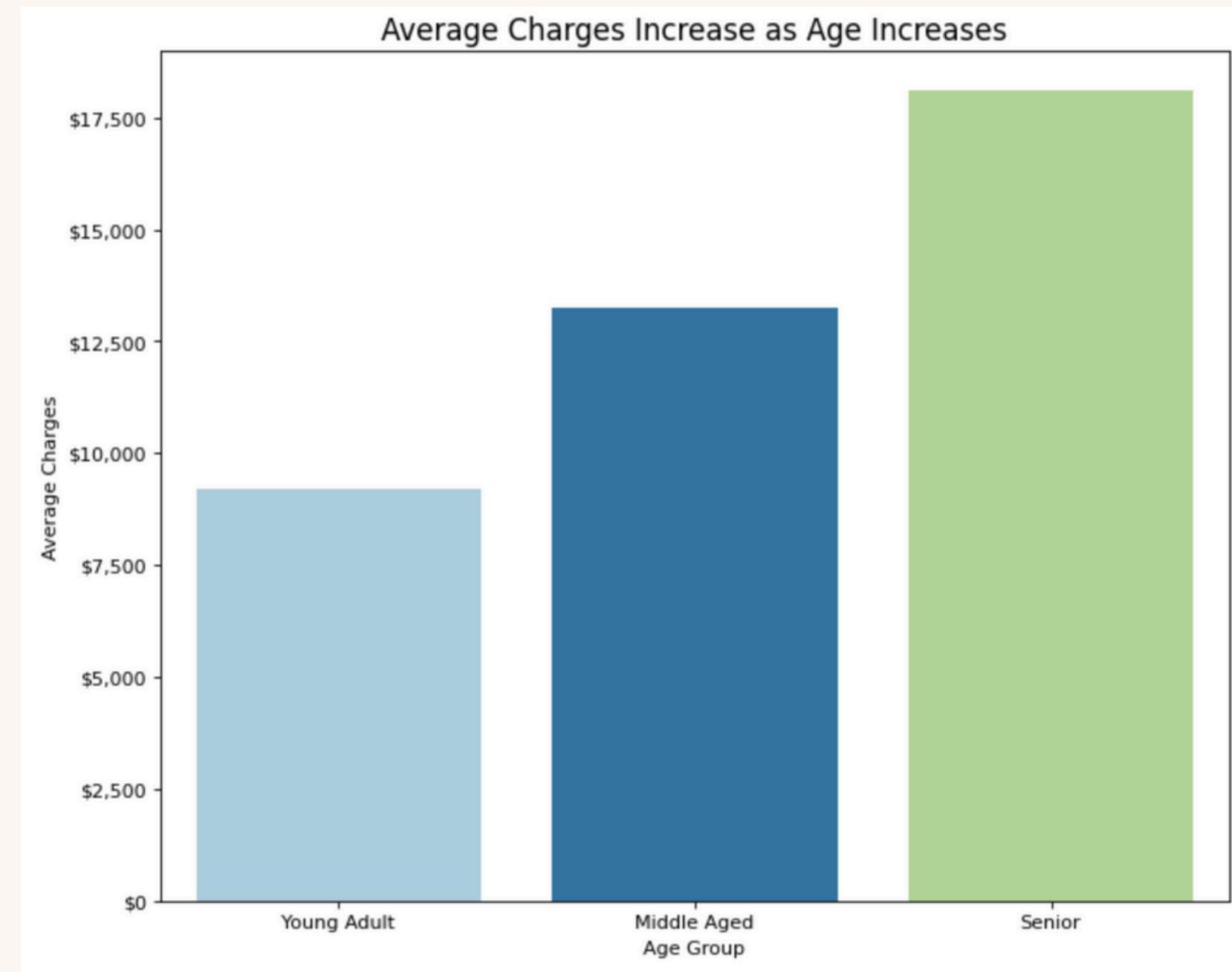
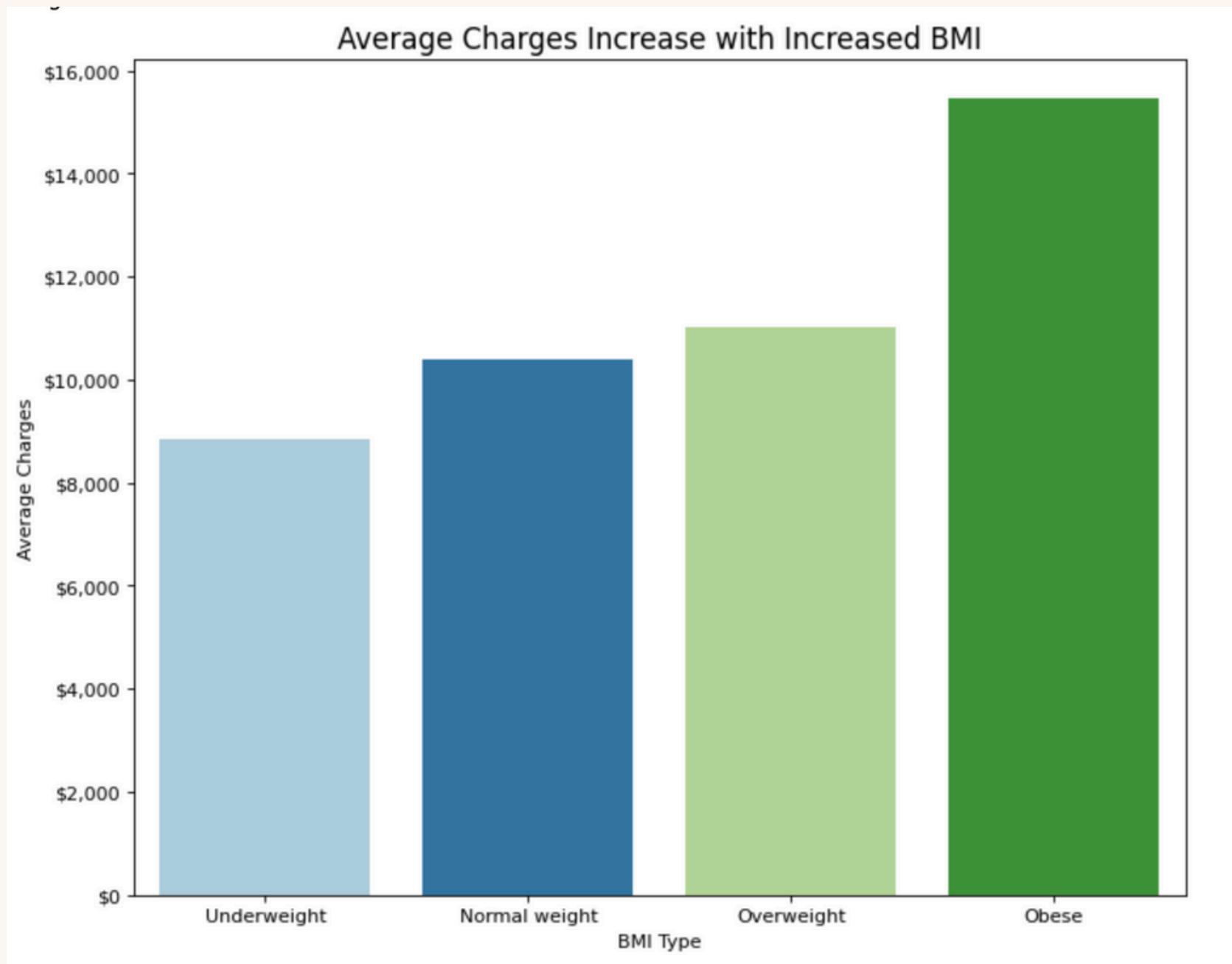
Correlation Heatmap



Smokers vs. Non-Smokers



BMI Types & Age Groups



Business Recommendations

01.

Identify individuals at higher or lower risk based on their health profile

Higher risk individuals:

smokers, BMI>30, or age >50

Lower risk individuals:

non-smokers, BMI < 30, or age <50

02.

Adjust premiums based on an individual's risk level, increasing premiums for higher risk individuals

03.

Focus more on factors such as smoking status, BMI, and age, compared to factors such as sex, number of children, and region