#QUESTION 1 : MEDICAL INSURANCE DATASET #a. i.The Machine learning(ML) is SUPERVISED learning because the dataset has labelled data which enables ML algorithm to find the relationship between any two points(variables) # ii. The Machine learning task best for this dataset is classification as it has labelled data. Logistic regression is not the best type of classification for this dataset as it is best for making a prediction about a categorical In [3]: #b. Data Exploration: When observing the dataset, it can be seen that the older the higher the medical cost of those people. However, exploratory data tools In [4]: # To start this assessment, data exploration comes first; using the relevant data exploration tools, some relevant libraries would be imported and the dataset uploaded In [5]: import pandas as pd import numpy as np import seaborn as sns import matplotlib.pyplot as plt from sklearn.linear model import LinearRegression from matplotlib import style style.use('seaborn-whitegrid') plt.rcParams['figure.figsize'] = (20,10) from sklearn.model selection import train test split from matplotlib import pyplot as plt from sklearn.linear model import LinearRegression from sklearn.metrics import r2 score In [6]: dataset = pd.read_csv('insurance.csv') dataset Out[6]: bmi children smoker region medicalCost **0** 19 female 27.900 yes southwest 16884.92400 male 33.770 1725.55230 **1** 18 southeast **2** 28 male 33.000 3 4449.46200 southeast no northwest 21984.47061 **3** 33 male 22.705 northwest 3866.85520 **4** 32 male 28.880 0 male 30.970 northwest 10600.54830 1333 50 3 **1334** 18 female 31.920 2205.98080 no northeast **1335** 18 female 36.850 1629.83350 southeast **1336** 21 female 25.800 2007.94500 no southwest yes northwest 29141.36030 **1337** 61 female 29.070 1338 rows × 7 columns # Exploration of the dataset dataset.isnull() Out[7]: children smoker region medicalCost sex bmi **0** False False False False False False False **1** False False False False False False False 2 False False False False False False False **3** False False False False False False False **4** False False False False **1333** False False False False **1334** False False False False False False **1335** False False False False False False False **1336** False False False False **1337** False False False False False 1338 rows × 7 columns # No null values. The dataset has 7 Columns and 1338 rows # Check the type of data whether integers or float dataset.dtypes Out[9]: object sex float64 children smoker object object float64 medicalCost dtype: object In [10]: # Only bmi and medical cost columns have float variables, the rest have objects # first obtain the statistical values of all the variables In [12]: dataset.describe() Out[12]: children medicalCost **count** 1338.000000 1338.000000 1338.000000 1338.000000 39.207025 30.663397 1.094918 13270.422265 mean 1.205493 12110.011237 14.049960 6.098187 0.000000 1121.873900 18.000000 15.960000 25% 27.000000 26.296250 0.000000 4740.287150 30.400000 1.000000 9382.033000 39.000000 34.693750 **75**% 51.000000 2.000000 16639.912515 5.000000 63770.428010 53.130000 64.000000 In [13]: # mean value for age column is 39, bmi mean is 30.66, children column mean value is 1.09 and medical cost mean value is 13270 # check for null values In [15]: dataset.isnull() Out[15]: age sex bmi children smoker region medicalCost **0** False False False False False False False **1** False False False False False False False **2** False False False False False False False **3** False False False False False False False **4** False False False False False False False **1333** False False False False False False False **1334** False False False False False False False **1335** False False False False False False False **1336** False False False False False False **1337** False False False False False False False 1338 rows × 7 columns # view the first 5 rows of the dataset In [17]: dataset.head() Out[17]: bmi children smoker region medicalCost yes southwest 16884.92400 male 33.770 1725.55230 no southeast male 33.000 no southeast 4449.46200 no northwest 21984.47061 male 22.705 male 28.880 no northwest 3866.85520 In [18]: # Logistic regression as a machine model will not be best for this dataset as it can work best only with categorical variables, as seen below: x = dataset.drop(['sex','smoker','region','medicalCost','age','bmi'], axis = 1) y = dataset['medicalCost'] x train, x test, y train, y test = train test split(x, y, test size=0.2, random state=0) from sklearn.linear model import LogisticRegression lr_model = LogisticRegression() lr_model.fit(x_train, y_train) ______ Traceback (most recent call last) ~\AppData\Local\Temp/ipykernel_1664/3216416094.py in <module> 5 from sklearn.linear model import LogisticRegression 6 lr model = LogisticRegression() ---> 7 lr model.fit(x_train, y_train) ~\anaconda3\lib\site-packages\sklearn\linear_model_logistic.py in fit(self, X, y, sample_weight) 1345 1346 accept_large_sparse=solver != 'liblinear') -> 1347 check classification targets(y) 1348 self.classes_ = np.unique(y) 1349 ~\anaconda3\lib\site-packages\sklearn\utils\multiclass.py in check_classification_targets(y) 181 if y type not in ['binary', 'multiclass', 'multiclass-multioutput', 182 'multilabel-indicator', 'multilabel-sequences']: --> 183 raise ValueError("Unknown label type: %r" % y_type) 184 185 ValueError: Unknown label type: 'continuous' # As seen above, there is a ValueError: 'Unknown label type: 'continuous'' error because Logistic Regression as a machine model will not be able to predict a continuous variable only categorical variables. In [19]: # Clustering as a machine model will not be best for this dataset as it can work best only with unlabelled data; from sklearn.cluster import KMeans kmeans = KMeans(n clusters = 2, random state = 42) y kmeans = kmeans.fit predict(dataset) kmeans.cluster centers from sklearn.cluster import KMeans clustersum = [] **for** i **in** range(1,11): kmeans = KMeans(n clusters = i, init = 'k-means++', max iter = 300, n init = 10, random state =0) kmeans.fit(dataset) clustersum.append(kmeans.inertia) plt.plot(range(1,11), clustersum) plt.title('Medical Insurance dataset') plt.xlabel('age') plt.ylabel('medicalCost') plt.show() ______ Traceback (most recent call last) ~\AppData\Local\Temp/ipykernel_1664/3075149227.py in <module> 2 from sklearn.cluster import KMeans 3 kmeans = KMeans(n clusters = 2, random state = 42) ---> 4 y kmeans = kmeans.fit predict(dataset) 5 kmeans.cluster centers 6 from sklearn.cluster import KMeans ~\anaconda3\lib\site-packages\sklearn\cluster_kmeans.py in fit predict(self, X, y, sample_weight) 1075 Index of the cluster each sample belongs to. 1076 -> 1077 return self.fit(X, sample_weight=sample_weight).labels 1078 1079 def fit transform(self, X, y=None, sample weight=None): ~\anaconda3\lib\site-packages\sklearn\cluster_kmeans.py in fit(self, X, y, sample_weight) 977 Fitted estimator. 978 --> 979 X = self. validate data(X, accept sparse='csr', 980 dtype=[np.float64, np.float32], 981 order='C', copy=self.copy x, ~\anaconda3\lib\site-packages\sklearn\base.py in validate data(self, X, y, reset, validate_separately, **check_params) 419 420 elif isinstance(y, str) and y == 'no_validation': --> 421 X = check array(X, **check params) 422 out = X 423 else: ~\anaconda3\lib\site-packages\sklearn\utils\validation.py in inner f(*args, **kwargs) extra args = len(args) - len(all_args) 61 62 if extra args <= 0:</pre> ---> 63 return f(*args, **kwargs) 64 65 # extra_args > 0 ~\anaconda3\lib\site-packages\sklearn\utils\validation.py in check array(array, accept_sparse, dtype, order, copy, force_all_finite, ensure_2d, allow_nd, ensure_min_samples, ensure_min_features, estimator) array = array.astype(dtype, casting="unsafe", copy=False) 672 --> 673 array = np.asarray(array, order=order, dtype=dtype) except ComplexWarning as complex warning: 674 raise ValueError("Complex data not supported\n" ~\anaconda3\lib\site-packages\numpy\core_asarray.py in asarray(a, dtype, order, like) return asarray with like(a, dtype=dtype, order=order, like=like) 100 101 --> 102 return array(a, dtype, copy=False, order=order) 103 104 ~\anaconda3\lib\site-packages\pandas\core\generic.py in __array__(self, dtype) 2062 2063 def array (self, dtype: npt.DTypeLike | None = None) -> np.ndarray: -> 2064 return np.asarray(self. values, dtype=dtype) 2065 2066 def __array_wrap__(~\anaconda3\lib\site-packages\numpy\core_asarray.py in asarray(a, dtype, order, like) return asarray with like(a, dtype=dtype, order=order, like=like) 101 --> 102 return array(a, dtype, copy=False, order=order) 103 104 ValueError: could not convert string to float: 'female' # there is a ValueError: could not convert string to float: 'female' as clustering as a machine model works best with unlabelled data. # Transform the categorical values to numerical values using feature engineering so the variables are the same type dataset['sex'].replace({'male':1,'female':2}, inplace=True) dataset['region'].replace({'northeast':1,'northwest':2,'southeast':3, 'southwest':4}, inplace=True) dataset['smoker'].replace({'yes':1,'no':2}, inplace=True) Out[20]: age sex bmi children smoker region medicalCost 4 16884.92400 **0** 19 2 27.900 **1** 18 1 33.770 3 1725.55230 3 4449.46200 **2** 28 1 33.000 **3** 33 1 22.705 2 21984.47061 2 3866.85520 **4** 32 1 28.880 **1333** 50 1 30.970 2 10600.54830 1 2205.98080 **1334** 18 2 31.920 **1335** 18 2 36.850 3 1629.83350 4 2007.94500 **1336** 21 2 25.800 **1337** 61 2 29.070 2 29141.36030 1338 rows × 7 columns # Convert float values to integers using astype() function: In [22]: dataset1 = dataset.copy() # Create a copy of DataFrame dataset1 = dataset1.astype({'bmi': int, 'medicalCost': int}) dataset1 Out[22]: age sex bmi children smoker region medicalCost **0** 19 2 27 16884 **1** 18 1 33 1725 **2** 28 1 33 3 4449 **3** 33 1 22 21984 **4** 32 1 28 3866 1333 50 1 30 2 2 10600 **1334** 18 2 31 2205 **1335** 18 2 36 1629 **1336** 21 2 25 2007 0 2 **1337** 61 2 29 29141 1338 rows × 7 columns # Visualize the dataset for further exploration using bar plot: f, ax = plt.subplots(1,1, figsize=(12,8))ax = sns.barplot(x = 'age', y = 'medicalCost', data=dataset, palette='Reds_r') f, ax = plt.subplots(1,1, figsize=(10,4))ax = sns.barplot(x = 'sex', y = 'medicalCost', data=dataset, palette='Reds r') f, ax = plt.subplots(1,1, figsize=(12,8))ax = sns.barplot(x = 'bmi', y = 'medicalCost', data=dataset, palette='Reds r') f, ax = plt.subplots(1,1, figsize=(12,8))ax = sns.barplot(x = 'children', y = 'medicalCost', data=dataset, palette='Reds_r') f, ax = plt.subplots(1,1, figsize=(10,4))ax = sns.barplot(x = 'smoker', y = 'medicalCost', data=dataset, palette='Reds r') f, ax = plt.subplots(1,1, figsize=(12,8))ax = sns.barplot(x = 'region', y = 'medicalCost', data=dataset, palette='Reds r') # c. To determine the correlation(relationships) between each of the predictors(x variables) and medical cost(y variable): from plotnine.data import mpg from plotnine import ggplot, aes, geom_point ggplot(dataset1) + aes(x="age", y="medicalCost") + geom_point() # Medical cost of insurance of individuals increased as they got older with highest point(cost) at around age 54 and lowest point(cost) at around age 10 ggplot(dataset1) + aes(x="bmi", y="medicalCost") + geom point() f, ax = plt.subplots(1,1, figsize=(12,8))ax = sns.barplot(x = 'age', y = 'medicalCost', data=dataset, palette='Reds r') # Medical cost of insurance of individuals with bmi(body mass index) between 30 and 50 had the highest medical cost which at its highest was above 60,000 ggplot(dataset1) + aes(x="smoker", y="medicalCost") + geom point() # Medical cost of insurance of individuals who were smokers represented as 1 was higher(as high as 60,000 plus) while the medical cost of non-smokers represented as 2 was low(as low as 38,000) ggplot(dataset1) + aes(x="sex", y="medicalCost") + geom point() # Medical cost of insurance of males respresented as 1 was a bit lower than that of females which is represented as 2 ggplot(dataset1) + aes(x="region", y="medicalCost") + geom point() # Medical cost of individuals in region 3(southeast) was the highest, above 60,000 while those from region 4(southwest) was the lowest, around 51,000 ggplot(dataset1) + aes(x="children", y="medicalCost") + geom point() # Medical cost of individuals with no children(0) is the highest while those with 5 children have the lowest medical cost sns.pairplot(dataset1[['age', 'sex', 'bmi', 'children', 'smoker', 'region', 'medicalCost']]) #d. The bivariate plot above shows the correlation between the variables. For example, smoker(1) have the higher medical cost of # To determine the variables with measures of relationships dataset1.corr() # # Another way ValueError: could not convert string to float: 'female'to show the correlation between the Predictors and 'medicalCost' is Pearson correlation, as seen below: dataset1.corr(method='pearson') # From the above, 'age', 'bmi' and 'children' have positive correlation with 'medicalCost'. While 'sex', 'smoker' and 'region' have negative correlation with 'medicalCost' # To show the correlation values more clearly; # Correlation between the three predictors and medical cost: dataset1['age'].corr(dataset['medicalCost']) dataset1['bmi'].corr(dataset['medicalCost']) dataset1['children'].corr(dataset['medicalCost']) # Build correlation matrix to show correlation between the variables sns.heatmap(dataset1.corr()) plt.show() # From the heat map above, the predictors: 'age', 'bmi' have strong positive correlation (pinkish-orange) with 'medicalCost, but not as strong as 'a # Scatterplots of the three predictors and 'medicalCost' %matplotlib notebook dataset1.plot(kind='scatter', x='age', y='medicalCost') dataset1.plot(kind='scatter', x='bmi', y='medicalCost') dataset1.plot(kind='scatter', x='children', y='medicalCost') In []: # Building simple linear regression models using each of the three predictors above and 'medcialCost': # Linear regression model with predictor 'age' and 'medicalCost' X var = dataset1[['age']] # independent variable y var = dataset1['medicalCost'] # dependent variable # Using Statsmodels and scikit-learn and then showing the statistical summary: import statsmodels.api as sm lr_model = sm.OLS(y_var, X_var) # Ordinary Least Squares lr = lr model.fit() print(lr.summary()) # The R squared is 86.43 which shows that linear regression model is not doing so well as a machine learning model for these features # Linear regression model with predictor 'bmi' and 'medicalCost' X var = dataset1[['bmi']] # independent variable y var = dataset1['medicalCost'] # dependent variable # Using Statsmodels and scikit-learn and then showing the statistical summary: import statsmodels.api as sm lr_model = sm.OLS(y_var, X_var) # Ordinary Least Squares lr = lr model.fit() print(lr.summary()) # The R squared value is 90.51 which shows that this machine model, linear regression is not doing so well to predict medical cost # Linear regression model with predictor 'children' and 'medicalCost' X var = dataset1[['children']] # independent variable y_var = dataset1['medicalCost'] # dependent variable In [25]: # Using Statsmodels and scikit-learn and then showing the statistical summary: import statsmodels.api as sm lr_model = sm.OLS(y_var, X_var) # Ordinary Least Squares lr = lr model.fit() print(lr.summary()) OLS Regression Results ______ Dep. Variable: medicalCost R-squared (uncentered): 148.126

Model: OLS Adj. R-squared (uncentered): 148.236

Method: Least Squares F-statistic: -1346.

Date: Tue, 12 Jul 2022 Prob (F-statistic): 1.00

Time: 01:15:33 Log-Likelihood: -14784.

No. Observations: 1338 AIC: 2.957e+04

Df Residuals: 1337 BIC: 2.958e+04

Df Model: 1 Covariance Type: nonrobust _____ coef std err t P>|t| [0.025 0.975] _____ children 5854.9955 255.710 22.897 0.000 5353.360 6356.631 _____

 Omnibus:
 178.401
 Durbin-Watson:
 1.583

 Prob(Omnibus):
 0.000
 Jarque-Bera (JB):
 262.297

 Skew:
 0.955
 Prob(JB):
 1.10e-57

 Kurtosis:
 4.029
 Cond. No.
 1.00

 _____ [1] R^2 is computed without centering (uncentered) since the model does not contain a constant. [2] Standard Errors assume that the covariance matrix of the errors is correctly specified. In []: # The R squared value is 148.12 which shows that this machine model, linear regression is not doing so well to predict medical costs. When R squared is closer to 1, the better the model is for predicting the target variable # f. Building 2 multivariate regression models with # i. The predictors: 'age', 'bmi' and 'children' from sklearn.model selection import train test split as holdout from sklearn.linear model import LinearRegression from sklearn import metrics x = dataset1.drop(['sex','smoker','region','medicalCost'], axis = 1) y = dataset1['medicalCost'] x_train, x_test, y_train, y_test = holdout(x, y, test size=0.2, random state=0) Lin reg = LinearRegression() Lin_reg.fit(x_train, y_train) print(Lin reg.intercept) print(Lin_reg.coef_) print(Lin_reg.score(x_test, y_test)) -5027.40998731274 [220.70451175 293.78774538 664.26983106] 0.16201886771966845 In []: # ii. With all the predictors from sklearn.model selection import train_test_split as holdout from sklearn.linear_model import LinearRegression from sklearn import metrics x = dataset1.drop(['medicalCost'], axis = 1) y = dataset1['medicalCost'] x train, x test, y train, y test = holdout(x, y, test size=0.2, random state=0) Lin reg = LinearRegression() Lin reg.fit(x train, y train) print(Lin reg.intercept) print(Lin reg.coef) print(Lin reg.score(x_test, y_test)) # iii. Evaluating the above statistical significance of the two results from the models above: # The multivariate regression with the 3 predictors of 'age', 'bmi' and 'children' has a score of about 16% which is a low accuracy. This regression model is not the best using only the 3 predictors to predict medicalCost for the # Alternatively, using Random forest regressor with: # i.all the predictors and medical cost and all # ii.the three predictors and medical cost In [27]: from sklearn.ensemble import RandomForestRegressor as rfr x = dataset1.drop(['sex','smoker','region','medicalCost'], axis=1) y = dataset1.medicalCost Rfr = rfr(n_estimators = 100, criterion = 'mse', random state = 1, n jobs = -1)Rfr.fit(x train, y train) x train pred = Rfr.predict(x train) x_test_pred = Rfr.predict(x_test) print('MSE train data: %.3f, MSE test data: %.3f' % (metrics.mean squared error(x train pred, y train), metrics.mean squared error(x test pred, y test))) print('R2 train data: %.3f, R2 test data: %.3f' % (metrics.r2 score(y train,x train pred, y train), metrics.r2_score(y_test,x_test_pred, y_test))) MSE train data: 36522206.930, MSE test data: 158361506.629 R2 train data: 0.684, R2 test data: -0.315 C:\Users\toyin\anaconda3\lib\site-packages\sklearn\utils\validation.py:70: FutureWarning: Pass sample weight=621 194 1137 240 38511 1168 4670 1192 13019 763 3070 835 7160 1216 5415 559 1646 684 4766 Name: medicalCost, Length: 1070, dtype: int32 as keyword args. From version 1.0 (renaming of 0.25) passing these as positional arguments will result in an error warnings.warn(f"Pass {args msg} as keyword args. From version " C:\Users\toyin\anaconda3\lib\site-packages\sklearn\utils\validation.py:70: FutureWarning: Pass sample weight=578 569 45702 1034 12950 198 9644 1084 15019 726 6664 1132 20709 725 40932 963 9500 Name: medicalCost, Length: 268, dtype: int32 as keyword args. From version 1.0 (renaming of 0.25) passing these as positional arguments will result in an error warnings.warn(f"Pass {args msg} as keyword args. From version " In [28]: from sklearn.ensemble import RandomForestRegressor as rfr x = dataset1.drop(['medicalCost'], axis=1) y = dataset1.medicalCost Rfr = rfr(n estimators = 100, criterion = 'mse', random state = 1, n jobs = -1)Rfr.fit(x train, y train) x train pred = Rfr.predict(x train) x_test_pred = Rfr.predict(x_test) print('MSE train data: %.3f, MSE test data: %.3f' % (metrics.mean squared_error(x_train_pred, y_train), metrics.mean_squared_error(x_test_pred, y_test))) print('R2 train data: %.3f, R2 test data: %.3f' % (metrics.r2_score(y_train,x_train_pred, y_train), metrics.r2_score(y_test,x_test_pred, y_test))) MSE train data: 36522206.930, MSE test data: 158361506.629 R2 train data: 0.684, R2 test data: -0.315 C:\Users\toyin\anaconda3\lib\site-packages\sklearn\utils\validation.py:70: FutureWarning: Pass sample weight=621 40182 194 240 38511 1168 4670 1192 13019 763 3070 835 7160 1216 5415 559 1646 684 4766 Name: medicalCost, Length: 1070, dtype: int32 as keyword args. From version 1.0 (renaming of 0.25) passing these as positional arguments will result in an error warnings.warn(f"Pass {args_msg} as keyword args. From version " C:\Users\toyin\anaconda3\lib\site-packages\sklearn\utils\validation.py:70: FutureWarning: Pass sample weight=578 9724 610 8547 45702 569 1034 12950 198 9644 1084 15019 726 6664 1132 20709 725 40932 963 9500 Name: medicalCost, Length: 268, dtype: int32 as keyword args. From version 1.0 (renaming of 0.25) passing these as positional arguments will result in an error warnings.warn(f"Pass {args_msg} as keyword args. From version " In []: