

CMP Upgrade 2025/26

Subject F103

CMP Upgrade

This CMP Upgrade lists the changes to the Syllabus, Course Notes and X Assignments since last year that might realistically affect your chance of success in the exam. It is produced so that you can manually amend your 2025 CMP to make it suitable for study for the 2026 exams. It includes replacement pages and additional pages where appropriate.

Alternatively, you can buy a full set of up-to-date CMP at a significantly reduced price if you have previously bought the full-price CMP in this subject. Further information on retaker discounts can be found at https://acted.co.uk/south_africa/html.

This CMP Upgrade contains:

- all significant changes to the Syllabus
- additional changes to the ActEd Course Notes and Assignments that will make them suitable for study for the 2026 exams.

1 Changes to the Syllabus

There are no significant changes to the Syllabus Objectives.

2 Changes to the Course Notes

This section contains all the *non-trivial* changes to the Course Notes.

Chapter 18

Page 4

There have been several amendments to page 4. Please replace pages 3 and 4 with the replacement pages at the end of this Upgrade.

3 Changes to the X Assignments

There are no changes to the X Assignments.

4 Other tuition services

In addition to the CMP you might find our Subject SP7 and SP8 products helpful with your study. These UK exams are, when combined, broadly equivalent to Subject F103, so we provide details of relevant products and services for these subjects below. Bear in mind however that while there is a close correspondence between the South African and UK course material, Subjects SP7 and SP8 contain some topics that are not covered by the F103 syllabus, and at times refers to UK-specific issues.

4.1 Study material

For further details on ActEd's study materials, please refer to the 'Products and services' section of our website at [ActEd.co.uk](https://www.acted.co.uk).

4.2 Tutorials

We offer the following online tutorials in Subjects SP7 and SP8:

- a set of Regular Tutorials (lasting a total of three days)
- a Block Tutorial (lasting three full days)
- an Online Classroom.

For further details on ActEd's tutorials, please refer to our latest *Tuition Bulletin*, which is available from the ActEd website at **[ActEd.co.uk](https://www.acted.co.uk)**.

4.3 Feedback on the study material

ActEd is always pleased to receive feedback from students about any aspect of our study programmes. Please let us know if you have any specific comments (*eg* about certain sections of the notes or particular questions) or general suggestions about how we can improve the study material. We will incorporate as many of your suggestions as we can when we update the course material each year.

If you have any comments on this course please send them by email to SP7@bpp.com or SP8@bpp.com.

This page has been left blank so that you can slot the replacement pages into your Course Notes.

The following chapter will discuss which rating factors should be used and what effect these should have on the policyholder's premium. The subsequent chapter will cover practical considerations in determining the premium to charge.

1 Cost plus pricing overview

1.1 Components of the premium

A technical premium is one that reflects all of the expected costs and profits arising from the policy based on technical analysis. It consists of the following elements:

Risk premium

- the pure risk rate based on previous years' experience
- a loading for catastrophe and/or large loss claims (which may or may not exist in the previous data)

Consideration should be given to rating factors (*ie* the factors used to distinguish risk on different policies and hence charge different premiums) and policy conditions.

Additional loadings

- a loading for the net cost of reinsurance
- a loading for expenses including commission
- a capital charge to reflect the cost of capital (this may also be referred to as profit loading and is the amount added to premium to achieve the required return on capital). This loading is usually higher for riskier lines of business to reflect the higher expected return to shareholders for taking on more risk.
- investment income (a “negative” loading *ie* reduces premium)
- tax

Other considerations

The theoretical office premium (or technical premium) is the risk premium adjusted for the above loadings. However, there are further considerations that should be made, before arriving at the actual premium charged.

These more pragmatic considerations include:

- practical considerations concerning the underwriting process
- competition
- business objectives
- customer loyalty and so on.