



Subject F108: Health, Social and Employee Benefits Fellowship Principles

F108 2026 Annual Review –Summary of changes.

Note: This note is to be used in conjunction with the 2025 set of notes.

November 2025

Background

The content of the F108 course is reviewed and updated on an annual basis for clarification and industry developments. This note is to assist students who have studied the previous version of the F108 notes to identify material areas where the core reading has changed. Minor grammatical changes or immaterial corrections are not included in this note. The majority of the changes relate to the clarification of “insurance” and “reinsurance” in healthcare and employee benefits.

Syllabus

No changes have been made to the syllabus.

F108 Glossary correction

The definition for eligibilty ratio changed to: the ratio of actual recipients to the population eligible for benefits based on their age alone.

Chapter 20 Question 9

Changed “decreasing” to “increasing” in the chapter question 9.

Chapter 19 – Reinsurance and general risk management

On page 993 the first paragraph under the heading for section 2 was amended to the following:



Risks first need to be identified, analysed, and measured before they can be managed. In general, the term risk is used for unknown outcomes whose distribution is known and that can therefore be quantified, while uncertainty refers to situations where the outcomes are unknown and cannot be easily quantified.

On page 1001 the following clarification was inserted as a last paragraph under the quota share section:

Notably, a company can share and manage its risk via a reciprocal quota share arrangement. This involves two or more insurance companies agreeing to provide each other with quota share cover. None of the participating insurance companies need be a reinsurer and the proportions shared do not need to be the same. It is important to note that the policyholder only contracts with their direct writer and will be unaware of the reciprocal quota share arrangement.

On page 1002 the second paragraph was clarified as follows:

The insurer has purchased a 60% quota share reinsurance treaty with a maximum retention of R1 000 000 per policy for its CI business.

On page 1006 the following was inserted as a paragraph after the paragraph ending in "...all events during the year." and the paragraph starting "Stop loss protects..." under Aggregate excess of loss (Aggregate XoL)/ stop loss:

Stop loss can be understood as a more generalised version of aggregate XoL, where stop loss covers a wider range of risks that can emerge from a book of business as opposed to a specific cause or peril which is a characteristic of aggregate XoL. However, the two forms of reinsurance aim to address the same underlying risk – aggregate losses. The excess points in stop loss cover can be expressed as a specified monetary value or loss ratio.

On page 1049 Chapter solution 6:

Deleted text: The primary aim of non-proportional reinsurance is that it covers the insurer in the event of claims being larger than expected. Therefore, it is unlikely to have it on individual policies where the sum insured is fixed from the outset, because claim size is already known. However, group contract might expect an aggregate version of it, since the total claims the insurer pays out could be greater than expected, in other words more claims might have occurred.

On page 1050 Chapter solution 9, the reinsurer column in (ii) should read 600 and 900 as the first two values and not 60 and 90.