

## **Sample Exam Questions**

### **Managing International Employee Benefits**

#### **Instructions:**

- This is only a sample paper and therefore consists of 30 multiple-choice questions.
- Choose the correct answer from the options (A, B, C, or D).

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#### **1. What was one of the significant challenges that affected defined benefit pension plans due to increased longevity?**

- A) Decreased interest rates
- B) Reduced employee contributions
- C) Increased funding costs for employers
- D) Shortened retirement benefits

#### **2. What is one of the primary reasons for governments around the world to adjust state pensions?**

- A) Decreasing retirement age
- B) Increased ratio of retirees to workers
- C) The rise of new accounting standards
- D) Introduction of private health coverage

#### **3. Which legislation requires all employees in the US to be covered by an ACA compliant plan?**

- A) Foreign Account Tax Compliance Act (FATCA)
- B) US Affordable Care Act (ACA)
- C) General Data Protection Regulation (GDPR)
- D) Employment Retirement Income Security Act (ERISA)

#### **4. Which initiative was created in 2015 to set an emissions reduction target for companies?**

- A) Paris Agreement
- B) Science Based Target Initiative (SBTi)
- C) Global Reporting Initiative (GRI)
- D) International Sustainability Standards Board (ISSB)

**5. What is the target year for the European Green Deal to achieve carbon neutrality?**

- A) 2025
- B) 2030
- C) 2050
- D) 2100

**6. What is the estimated global warming above pre-industrial levels?**

- A) 0.8 degrees Celsius
- B) 1.2 degrees Celsius
- C) 2 degrees Celsius
- D) 3.5 degrees Celsius

**7. How many companies reported using the Global Reporting Initiative (GRI) standards in 2022?**

- A) 5,000
- B) 8,000
- C) 10,000
- D) 12,000

**8. What is the goal of the Paris Agreement regarding global temperature rise?**

- A) Below 1 degree Celsius
- B) Below 1.5 degrees Celsius
- C) Below 2 degrees Celsius
- D) Below 3 degrees Celsius

**9. What is a potential disadvantage of pooling with a network?**

- A) Improved premium rates
- B) Enhanced service standards
- C) Possible change of local insurer
- D) Automatic continuation of coverage

**10. Why might the management of the local subsidiary be unwilling to transfer its employee benefit insurance to the network's local insurer?**

- A) Reciprocal business relationships
- B) Preference for another policy's terms
- C) Existing close personal relationships
- D) All of the above

**11. What is one of the prerequisites for a successful captive solution for employee benefits?**

- A) High risk appetite
- B) Strong engagement by the parent company
- C) No losses carried forward
- D) Guaranteed premium rebate

**12. What is a disadvantage of global underwriting programmes?**

- A) Extended premium rate guarantees
- B) Reporting tools similar to multinational pooling
- C) Disruption of local insurers' commercial position
- D) Cash flow inefficiency

**13. What is a potential advantage of global underwriting programmes?**

- A) Waive of local profit sharing arrangements
- B) More competitive premium rates at local level
- C) Existing close personal relationships
- D) Reciprocal business relationships

**14. What is a characteristic of home-based internationally mobile employees (IMEs)?**

- A) They are transferred permanently to another country.
- B) They are intended to return to work for their home country employer after the assignment.
- C) They are expected to move from one assignment to another within the corporate group.
- D) They have no special arrangements required beyond standard business travel accident insurance.

**15. How are "Globalists" or "Career Expatriates" characterized?**

- A) They are transferred permanently to another country with no intention of returning.
- B) They have a mobile career with the organization and may not have a real link with a home country.
- C) They are sent by their home country employer to work for a host country employer for a limited period.
- D) They are monitored for short-term assignments to ensure compliance with insurances and medical coverage.

**16. What is one of the key factors in assignment failure for international mobility?**

- A) High costs of living in the host country
- B) Poor employee selection for assignment
- C) Language barriers in the host country
- D) Lack of professional opportunities for the employee

**17. How do home country medical systems typically handle coverage for expatriated employees?**

- A) They extend full benefits regardless of location
- B) They provide basic care through international agreements like the EU/EEA
- C) They offer enhanced coverage for serious accidents or illnesses
- D) They automatically transfer the employee to the host country's private insurance

**18. How can mergers and acquisitions impact employee benefits?**

- A) Benefits always remain unchanged
- B) Only health insurance is affected
- C) There can be changes due to benefits harmonisation, review of current offerings, and integration challenges
- D) Benefits are always reduced

**19. Which of the following is NOT mentioned as a factor in the change of employee benefits during M&A?**

- A) Harmonisation of benefits
- B) Cost-saving motivations
- C) Employee productivity
- D) Legal and compliance issues

**20. Which of the following is NOT a common stage in a typical transaction process?**

- A) Initial courting phase to discuss key areas of understanding
- B) Due diligence to review the seller's business
- C) Immediate transfer of business upon interest expression
- D) Contract negotiations and signing of agreements

Questions 21 to 30 will be available shortly.

### ANSWER KEY

**1. What was one of the significant challenges that affected defined benefit pension plans due to increased longevity?**

- A) Decreased interest rates
- B) Reduced employee contributions
- C) Increased funding costs for employers
- D) Shortened retirement benefits

**Correct Answer: C. Increased funding costs for employers**

**2. What is one of the primary reasons for governments around the world to adjust state pensions?**

- A) Decreasing retirement age
- B) Increased ratio of retirees to workers
- C) The rise of new accounting standards
- D) Introduction of private health coverage

**Correct Answer: B. Increased ratio of retirees to workers**

**3. Which legislation requires all employees in the US to be covered by an ACA compliant plan?**

- A) Foreign Account Tax Compliance Act (FATCA)
- B) US Affordable Care Act (ACA)
- C) General Data Protection Regulation (GDPR)
- D) Employment Retirement Income Security Act (ERISA)

**Correct Answer: B. US Affordable Care Act (ACA)**

**4. Which initiative was created in 2015 to set an emissions reduction target for companies?**

- A) Paris Agreement
- B) Science Based Target Initiative (SBTi)
- C) Global Reporting Initiative (GRI)
- D) International Sustainability Standards Board (ISSB)

**Correct Answer: B. Science Based Target Initiative (SBTi)**

**5. What is the target year for the European Green Deal to achieve carbon neutrality?**

- A) 2025

- B) 2030
- C) 2050
- D) 2100

**Correct Answer: C. 2050**

**6. What is the estimated global warming above pre-industrial levels?**

- A) 0.8 degrees Celsius
- B) 1.2 degrees Celsius
- C) 2 degrees Celsius
- D) 3.5 degrees Celsius

**Correct Answer: B. 1.2 degrees Celsius**

**7. How many companies reported using the Global Reporting Initiative (GRI) standards in 2022?**

- A) 5,000
- B) 8,000
- C) 10,000
- D) 12,000

**Correct Answer: C. 10,000**

**8. What is the goal of the Paris Agreement regarding global temperature rise?**

- A) Below 1 degree Celsius
- B) Below 1.5 degrees Celsius
- C) Below 2 degrees Celsius
- D) Below 3 degrees Celsius

**Correct Answer: C. Below 2 degrees Celsius**

**9. What is a potential disadvantage of pooling with a network?**

- A) Improved premium rates
- B) Enhanced service standards
- C) Possible change of local insurer
- D) Automatic continuation of coverage

**Correct Answer: C. Possible change of local insurer**

**10. Why might the management of the local subsidiary be unwilling to transfer its employee benefit insurance to the network's local insurer?**

- A) Reciprocal business relationships
- B) Preference for another policy's terms

- C) Existing close personal relationships
- D) All of the above

**Correct Answer: D. All of the above**

**11. What is one of the prerequisites for a successful captive solution for employee benefits?**

- A) High risk appetite
- B) Strong engagement by the parent company
- C) No losses carried forward
- D) Guaranteed premium rebate

**Correct Answer: A. High risk appetite**

**12. What is a disadvantage of global underwriting programmes?**

- A) Extended premium rate guarantees
- B) Reporting tools similar to multinational pooling
- C) Disruption of local insurers' commercial position
- D) Cash flow inefficiency

**Correct Answer: C. Disruption of local insurers' commercial position**

**13. What is a potential advantage of global underwriting programmes?**

- A) Waive of local profit sharing arrangements
- B) More competitive premium rates at local level
- C) Existing close personal relationships
- D) Reciprocal business relationships

**Correct Answer: B. More competitive premium rates at local level**

**14. What is a characteristic of home-based internationally mobile employees (IMEs)?**

- A) They are transferred permanently to another country.
- B) They are intended to return to work for their home country employer after the assignment.

- C) They are expected to move from one assignment to another within the corporate group.
- D) They have no special arrangements required beyond standard business travel accident insurance.

**Correct Answer: B. They are intended to return to work for their home country employer after the assignment.**

**15. How are "Globalists" or "Career Expatriates" characterized?**

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- B) They have a mobile career with the organization and may not have a real link with a home country.
- C) They are sent by their home country employer to work for a host country employer for a limited period.
- D) They are monitored for short-term assignments to ensure compliance with insurances and medical coverage.

**Correct Answer: B. They have a mobile career with the organization and may not have a real link with a home country.**

**16. What is one of the key factors in assignment failure for international mobility?**

- A) High costs of living in the host country
- B) Poor employee selection for assignment
- C) Language barriers in the host country
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**Correct Answer: B. Poor employee selection for assignment**

**17. How do home country medical systems typically handle coverage for expatriated employees?**

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- B) They provide basic care through international agreements like the EU/EEA
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Correct Answer: B. They provide basic care through international agreements like the EU/EEA

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- C) There can be changes due to benefits harmonisation, review of current offerings, and integration challenges
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Correct Answer: C. There can be changes due to benefits harmonisation, review of current offerings, and integration challenges

**19. Which of the following is NOT mentioned as a factor in the change of employee benefits during M&A?**

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Correct Answer: C. Employee productivity

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Correct Answer: C. Immediate transfer of business upon interest expression

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