

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).

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

True/False Questions: Defined Benefit Arrangements

For each question, select the correct answer from the following options:

- **(A)** Both True
- **(B)** Only (i) True

- **(C)** Only (ii) True
- **(D)** Both False

21. (i) The International Benefits Manager is responsible for updating policy documents in light of changing events.

(ii) The International Benefits Manager typically retains all information related to employee benefits.

22. (i) Governance committees in companies often focus primarily on the financial risks posed by the largest pension schemes.

(ii) The aim of policy documents is to guide stakeholders in making decisions about employee benefit arrangements.

23. (i) Employee benefits are offered by companies to remain competitive and attract the best employees.

(ii) Multinational companies typically appoint an International Benefits Manager to oversee employee benefits across different countries.

24. (i) Managing employee benefits is solely the responsibility of the HR department.

(ii) Employee benefits vary by country and type, adding complexity to their management.

25. (i) Centralised management of benefits ensures a consistent approach across different countries.

(ii) Local managers in a decentralised structure are more resistant to corporate dictates regarding local benefit details.

26. (i) It is easier to employ a centralised management structure for benefits in an autonomous business line structure.

(ii) Decision-making for benefits is carried out differently from decision-making for other business activities.

27. (i) The Pension Protection Fund (PPF) in the UK is funded by levies on all covered plans.

(ii) In the event plan assets do not cover the liabilities following the insolvency of the plan sponsor, the PBGC in the US provides full protection of accrued pensions.

28. (i) In Germany, there is a statutory requirement for insolvency insurance.

(ii) The Pension Protection Fund (PPF) is a measure in the US to provide partial protection of accrued pensions.

29. (i) Employers negotiate with one body to reduce workplace conflict by ensuring consistent communication with the workers it represents.

(ii) The negotiation of terms and conditions between employers and employees becomes less efficient when one body represents the employees.

Which of the following is correct?

30. (i) Life insurance in Nigeria must be contracted locally through a licensed provider.

(ii) Short-term disability is typically insured in most African countries.

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)

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- A) Paris Agreement
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- 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?

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- 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?

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- 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?

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

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

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- 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

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- C) They are expected to move from one assignment to another within the corporate group.
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Correct Answer: B. They are intended to return to work for their home country employer after the assignment

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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

- D) Lack of professional opportunities for the employee

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
- C) They offer enhanced coverage for serious accidents or illnesses
- D) They automatically transfer the employee to the host country's private insurance

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

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- A) Benefits always remain unchanged
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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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Correct Answer: (B) Only (i) True

22. (i) Governance committees in companies often focus primarily on the financial risks posed by the largest pension schemes.

(ii) The aim of policy documents is to guide stakeholders in making decisions about employee benefit arrangements.

Correct Answer: (A) Both True

23. (i) Employee benefits are offered by companies to remain competitive and attract the best employees.

(ii) Multinational companies typically appoint an International Benefits Manager to oversee employee benefits across different countries.

Correct Answer: (A) Both True

24. (i) Managing employee benefits is solely the responsibility of the HR department.

(ii) Employee benefits vary by country and type, adding complexity to their management.

Correct Answer: (C) Only (ii) True

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(ii) Local managers in a decentralised structure are more resistant to corporate dictates regarding local benefit details.

Correct Answer: Both True

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Correct Answer: (D) Both False

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