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March 31, 2009



LETTER OF COMMENT NO. 233

Technical Director, FASB  
Financial Accounting Standards Board  
401 Merritt 7  
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## Proposed FASB Staff Position

### *“FSP FAS 115-a, FAS 124-a, and EITF 99-20-b – “Recognition and Presentation of Other-Than-Temporary Impairments”*

We appreciate the opportunity to comment on the above-proposed FSP. We commend the FASB on its efforts to improve the accounting related to investments and the related guidance on other-than-temporary impairments (“OTTI”) that is set forth in Statements 115 and 124 and EITF 99-20.

We strongly believe the proposal results in meaningful and positive change. The proposal is much better aligned with the amounts an enterprise can expect to realize based upon its intentions related to the underlying asset compared to the current approach that results in impairments being recognized that are never expected to be realized.

While we support the proposal, we believe there are certain matters that should be clarified or otherwise changed;

- The subsequent accounting is potentially confusing and examples would be beneficial.
- While we do not object to including equity securities within the scope, we do not currently believe the proposal results in changes to such securities.
- The presentation required by paragraph 16 is unclear and unnecessary.
  - the amount of OTTI loss recognized in earnings, if material, should be presented separately on the face of the income statement.
  - the amount of impairment, if material, in other comprehensive income should be presented separately within equity.

- If the Board believes a different presentation is necessary, then the requirement should be specific and clear. Again, examples would be helpful.
- In the proposed changes to paragraph 15. b. of the FSP, the requirement to use the best estimate of credit losses is sufficient and appropriate. We do not believe it is appropriate to require EITF 99-20 securities to use paragraph 12 (b) of EITF 99-20 to measure the credit loss. Paragraph 12 (b) could be listed as “one way” a preparer may consider to measure the credit loss.
- We believe that a change in judgment as to whether an enterprise has the intent and ability should be clearly addressed so that those assumptions are as of the balance sheet date. Changes to the intention or ability that occur subsequent to the balance sheet should be disclosed but not recognized until they occur. This is very similar to the requirements of paragraph 13 of FIN 48.

We encourage the Board to finalize this FSP as soon as possible to enable constituents to close their March books in accordance with the revisions.

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We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,

Henry R. Sturkie, III  
Senior Accounting Policy Manager