From: <u>David Rollins</u>
To: <u>Director - FASB</u>

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In response to Q1, not being able to net the claims against anticipated insurance recovery would severely distort and overstate the liabilities on the hospital's income statement and balance sheet while understating its loss reduction tools in the form of liability insurance. If the hospital pays for liability insurance, has a claim against it and then does not net the two together, the hospital would appear to the user as not having insurance and its actual financial viability would be severely in doubt, even though its financial health is much stronger simply because it does have the insurance in place to protect itself in this very case. To ignore the insurance but to recognize the claim is erroneous and violates the matching principle at its very core. It also violates the premise of presenting the most factual view of the financial health of an organization.

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