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# Letter to the Editor: Question from a Reader

Dear editor,

I question the accuracy of the following comment from the December 2016 issue of *The Financial Reporter* article titled “Negative GAAP Term Insurance Reserves—to Floor or Not to Floor?”

“These proposed changes do not affect the development of negative reserves, nor do they explicitly address the issue of negative reserves.”

I believe that FASB ASC Exposure Draft 944-40-30-7A and 944-40-35-7A directly addresses negative reserves by stating, “In no event shall the liability for future policy benefits balance be less than zero.”

Sincerely, Adam Williams, FSA

## RESPONSE FROM BOB CROMPTON:

Adam,

Thanks for your note.

You are indeed correct.

The problem is that some guys just aren't very good at reading—I read right over that section.

I regret any misunderstanding my error may have caused.

Best regards,

Bob Crompton