While I found it very interesting to focus on a specific aspect of financial accounting that is not clear-cut, the conclusive determination that contingency liabilities must be properly valued is quite compelling.  As our courts have gone about slicing up the merits that distinguish between what is reasonable suspicion and probable cause, so I was able to compare to the concepts here with probable and possible definitions.

The website accountingcoach.com generally describes the topic as:

In [accounting](http://www.accountingcoach.com/blog/what-is-accounting), a contingent liability and the related contingent loss are recorded with a journal entry only if the contingency is both *probable* **and** the *amount can be estimated*.

If a contingent liability is only *possible* (not probable), or if the amount cannot be estimated, a journal entry is not required. However, a disclosure is required.

When a contingent liability is *remote* (such as a nuisance suit), then neither a [journal](http://www.accountingcoach.com/blog/what-is-a-journal) nor a disclosure is required.

Although these seem like very reasonable and understandable terms, what one entity decides is probable might be deemed possible by another.  Just as something may be thought of as plausible rather than probable, the specificity of these standards are not to be taken lightly.  Couple the liability with the need to reasonably estimate the value/amount and the disclosure versus journal entry issue seems to demand strong ethical practice.