

provide the basis for a preliminary assumption that – without considering all relevant circumstances – an impairment may have occurred. Identifying the impairment is only the beginning of the analysis; it cannot appropriately be used as a substitute for a full analysis of all relevant qualitative considerations. Exclusive reliance on such thresholds removes the ability of management to apply its judgment, a concept inherent to the impairment model.

Step 3: If the Impairment is Other Than Temporary, the Cost Basis of the Individual Asset Shall Be Written Down to a New Cost Basis and the Amount of the Write-Down Is Accounted for as a Realized Loss

8. If an impairment is considered other than temporary, the cost or carrying value of the asset should be written down to reflect its value in accordance with the relevant SSAP. A company's management should follow the impairment guidance in the SSAP pertaining to that particular asset class while considering various factors on a case-by-case basis in determining the amount of the realized loss that should be recorded.

Generally Accepted Accounting Principles

- No additional guidance obtained from GAAP.

OTHER SOURCES OF INFORMATION

- No additional guidance obtained from state statutes or regulations.

RELEVANT LITERATURE

Statutory Accounting

- *Statutory Accounting Principles Statement of Concepts and Statutory Hierarchy*
- *SSAP No. 43—Loan-Backed and Structured Securities*
- *SSAP No. 3—Accounting Changes*
- *SSAP No. 4—Definition of Assets and Nonadmitted Assets*
- *SSAP No. 5—Definition of Liabilities, Loss Contingencies and Impairments of Assets*
- *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*
- *INT 06-07: Definition of Phrase “Other Than Temporary”*

Generally Accepted Accounting Principles

- *FASB Statement No. 115: Accounting for Certain Investments in Debt and Equity Securities*
- *FASB Statement No. 125: Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*
- *FASB Emerging Issues Task Force No. 99-20: Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets*

State Regulations

- No additional guidance obtained from state statutes or regulations.

Other Sources of Information

No additional guidance obtained from other sources of information.