Statutory Issue Paper No. 124

Treatment of Cash Flows When Quantifying Changes in Valuation and Impairments, An Amendment to SSAP No. 43—Loan-Backed and Structured Securities

STATUS

Step 2: Evaluate Whether an Impairment Is Other Than Temporary

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

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.

