SFAS 144 defines an impairment as a condition that exists when the book value of a long-lived asset or asset group exceeds its fair value. An impairment loss shall be recognized only if the book value of the long lived asset or asset group is not recoverable and exceeds its fair value.

Under the provisions of SFAS 144 companies must conduct an impairment analysis of tangible assets and amortizable identifiable intangible assets whenever a triggering event has occurred. SFAS 144 lists the following as triggering events:

- A significant decrease in the market price of a long-lived asset (asset group)
- A significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used or in its physical condition.
Impairment Triggering Events

A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset (asset group), including an adverse action or assessment by a regulator.

An accumulation of costs significantly in excess of the amounts originally expected for the acquisition or construction of a long-lived asset (asset group).

A current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of the long-lived asset (asset group).

A current expectation that, more likely than not, a long-lived asset (asset group) will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

In the event that a triggering event exists, an analysis of impairment must be made for tangible assets and amortizable intangible assets.