

**“Net Class 2 Claim Loss” Method**

**Step 1 Determine “Net Class 2 Claim Loss” Amount For Each RRG  
(Subtract Current Assets from Gross Class 2 Claims):**

$$\begin{array}{r} \text{Individual RRG} \\ \text{Gross Amount of Actual} \\ \text{Class 2 Claims} \end{array} - \begin{array}{r} \text{Current Assets Held} \\ \text{By Individual RRG} \end{array} = \begin{array}{r} \text{Individual RRG} \\ \text{Net Class 2 Claim} \\ \text{Loss} \end{array}$$

**Step 2 Aggregate the Three RRGs’ Net Class 2 Claim Loss:**

Add All Three RRGs’ Net Class 2 Claim Losses

**Step 3 Determine Net Class 2 Claim Loss Ratio  
(Divide Aggregate Net Class 2 Claim Loss by Joint Recovery Amount):**

$$\begin{array}{r} \text{Aggregate Net Class 2} \\ \text{Claim Loss} \end{array} \div \begin{array}{r} \text{Joint Recovery Amount} \end{array} = \begin{array}{r} \text{Net Class 2 Claim Loss Ratio} \end{array}$$

**Step 4 Determine Allocation of Joint Recovery for Individual RRG Net Class 2 Claim Loss (Multiply Individual RRG Net Class 2 Claim Loss by Net Class 2 Claim Loss Ratio):**

$$\begin{array}{r} \text{Individual RRG} \\ \text{Net Class 2} \\ \text{Claim Loss} \end{array} \times \begin{array}{r} \text{Net Class 2} \\ \text{Claim Loss Ratio} \end{array} = \begin{array}{r} \text{Allocation from Joint} \\ \text{Recovery Amount to Pay} \\ \text{Individual RRG Class 2} \\ \text{Claim Loss} \end{array}$$

