

Liability for Unpaid Claim and Claim Adjustment Expenses

The following table presents a reconciliation between beginning and ending claim and claim adjustment expense reserves, including claim and claim adjustment expense reserves of the Life & Group segment.

For the six months ended June 30

(In millions)

	2022	2021
Reserves, beginning of year:		
Gross	\$ 24,174	\$ 22,706
Ceded	4,969	4,005
Net reserves, beginning of year	19,205	18,701
Reduction of net reserves due to Excess Workers' Compensation Loss Portfolio Transfer	—	(632)
Net incurred claim and claim adjustment expenses:		
Provision for insured events of current year	2,974	2,930
Increase (decrease) in provision for insured events of prior years	(69)	(78)
Amortization of discount	90	95
Total net incurred ⁽¹⁾	2,995	2,947
Net payments attributable to:		
Current year events	(245)	(317)
Prior year events	(2,330)	(1,949)
Total net payments	(2,575)	(2,266)
Foreign currency translation adjustment and other	(222)	(5)
Net reserves, end of period	19,403	18,745
Ceded reserves, end of period	5,156	4,735
Gross reserves, end of period	\$ 24,559	\$ 23,480

(1) Total net incurred above does not agree to Insurance claims and policyholders' benefits as reflected on the Condensed Consolidated Statements of Operations due to amounts related to retroactive reinsurance deferred gain accounting, the loss on the Excess Workers' Compensation Loss Portfolio Transfer, uncollectible reinsurance and benefit expenses related to future policy benefits, which are not reflected in the table above.

Net Prior Year Development

Changes in estimates of claim and claim adjustment expense reserves, net of reinsurance, for prior years are defined as net prior year loss reserve development (development). These changes can be favorable or unfavorable. The following table presents development recorded for the Specialty, Commercial, International and Corporate & Other segments.

Periods ended June 30

(In millions)

	Three Months		Six Months	
	2022	2021	2022	2021
Pretax (favorable) unfavorable development:				
Specialty	\$ (10)	\$ (10)	\$ (20)	\$ (25)
Commercial	(22)	—	(24)	—
International	(5)	(1)	(5)	(1)
Corporate & Other	64	40	64	40
Total pretax (favorable) unfavorable development	\$ 27	\$ 29	\$ 15	\$ 14

Unfavorable development of \$64 million was recorded within the Corporate & Other segment for the three and six months ended June 30, 2022 largely associated with legacy mass tort abuse claims, including the recent Diocese of Rochester proposed settlement. Unfavorable development of \$40 million was recorded within the Corporate & Other segment for the three and six months ended June 30, 2021 due to legacy mass tort exposures, primarily related to abuse.