Moreover, we believe that savings may be realized by adopting the self-insurance policy for other coverages provided for in management contracts, such as surety bonds and burglary insurance, if the agency's cost and claim experience is found to be similar to that related to public liability insurance.

The large number of properties being acquired by the Federal Housing Administration as a result of foreclosures under its mortgage insurance programs increases the importance of keeping costs and losses related to the management and disposition of such properties to a minimum.

The Federal Housing Commissioner informed us that the agency was favorably disposed toward the general premise of self-insurance and was studying our proposals, but that it needed more information and more time to evaluate the administrative and legal factors involved; to appraise more definitively the risks which would be assumed; to compare the risks with premium costs and additional administrative, investigative, and legal expenses which would be assumed; and to determine what effect the agency's becoming a self-insurer would have on brokers' bids for management fees. In view of this action and the agency's previous actions, which indicate its general acceptance of the principle of self-insurance, we are not making any recommendations at this time.

[Index No. 59—B-146778, Aug. 18, 1966]

Need for Interservice Action When Management Policies and Practices Differ for Similar Supply Items, Department of Defense

The General Accounting Office reviewed the Department of the Navy's supply management of a rocket catapult used in an aircraft ejection seat for emergency ejection of a pilot from an aircraft. This review was directed primarily toward an evaluation of the Navy's practices in determining its need for these catapults and the decision to procure new catapults instead of rework available stocks of overage catapults. Our review also included inquiry into the exchange of information with the Department of the Air Force on a similar catapult which had been developed from the Navy's item.

There is a need for the individual military services to exchange and use information concerning the management and operating practices and policies of other services for the same or similar items in order that each might identify opportunities for improved management and potential savings. With regard to the aircraft ejection-seat rocket catapults, the application of such exchange would have disclosed to the Navy that the Air Force policies and practices were more economical. We estimate that, on the basis of requirements through fiscal year 1969, the adoption by the Navy of the Air Force policy and practices could reduce future Navy program costs between $275,000 and $800,000.

The Assistant Secretary of Defense (Installations and Logistics) by letter dated March 16, 1966, advised us that our findings had been reviewed by the Department of Defense and the Military Departments and that a preliminary evaluation indicated that the restoration