

Mr. MOOT. That is right, sir. Now if we find again that the opportunity cost of money changes, as we move along, then we will renegotiate, such as we have authority to.

The CHAIRMAN. You will enter into another treaty?

Mr. MOOT. We would have to enter into another treaty, sir.

Mr. MITCHELL. I have one other question, Mr. Chairman, on this, if I might develop it. You mentioned that you have put on top of the costs involved here in arriving at this premium a 20-percent load factor that is to take care of administrative cost plus profits, plus the profit to the insurance company. Now, I don't really know too much about it, but do you have any idea how much of that 20-percent load factor is based upon what you refer to as administrative cost?

Mr. MOOT. I don't really know, Mr. Mitchell. We went into this in quite some depth, trying to understand the industry practices, and that is how we arrived at the 20 percent. But I am afraid I can't make—I could possibly try to find some data, I can't make—an intelligent separation between administrative cost and profit, if that is the thrust of your question.

Mr. MITCHELL. The thrust of my question is concerning the size of the load factor, as is the thrust of all of my questions here concerning the large, which would even be perhaps called a "windfall", to the bright insurance company if they would grab this and run with it, which we would hope they would do. Isn't 20 percent quite a large guaranteed profit and administrative cost factor in any type of business?

Mr. MOOT. No, sir. You must remember we are talking about a regulated industry here.

The CHAIRMAN. Regulated by whom, Mr. Administrator?

Mr. MOOT. By the States, Mr. Chairman; and, incidentally, I am not here to defend the insurance companies. Congress, in its wisdom, told us to work with the insurance companies.

The CHAIRMAN. Mr. Administrator, the insurance companies are the least regulated industry in this Nation. They have no Federal regulation, no Federal regulatory statute. The SEC tells you they don't have any jurisdiction, and without reference to your fine agency or the percent matter, I am saying generally that the one industry that needs to be regulated in this country is the insurance companies. They are going to own the world one of these days. You have to enter into "treaties" with them.

Mr. MITCHELL. Are many insurance companies entering into this program with you?

Mr. MOOT. We have three.

Mr. MITCHELL. Three large companies?

Mr. MOOT. We have three; and, as a matter of fact—

Mr. MITCHELL. Are any new insurance companies coming in to specialize in this? Frankly, counsel wonders why they are not running to get in—

Mr. MOOT. Quite frankly, we thought we would have much more interest from the insurance industry. We went around the country feeling that this is what Congress had directed us to do, and we held seminars with the insurance industry around the country. We found that between the casualty companies and the surety companies, that this is a program that they sort of felt didn't fit anybody's particular portfolio, so that we have had difficulty.