

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Return Date: Sept. 29, 1999
Hearing Time: 2:30 p.m.

In re

PCG Corp. I, et al.

Debtors.

Chapter 11
Case Nos. 95 B 43065 (PBA)
Jointly administered
With case No. 95 B 43066
Through 95 B 43074

**APPLICATION FOR ALLOWANCE OF
INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES
OF J. H. ALBERT INTERNATIONAL INSURANCE ADVISORS,
INC. FOR PROFESSIONAL SERVICES RENDERED AS
RISK MANAGEMENT CONSULTANT FOR THE
DEBTORS AND DEBTORS IN POSSESSION
FOR THE PERIOD MARCH 5, 1997 TO AUGUST 31, 1999**

TO: THE HONORABLE PRUDENCE CARTER BEATTY,
UNITED STATES BANKRUPTCY JUDGE

J. H. ALBERT INTERNATIONAL INSURANCE ADVISORS, INC. ("J. H. Albert"), in its capacity of Court-approved risk management consultant for the debtor and debtor in possession ("PCG Corp."), by this application (the "Application") respectfully moves this Court, for the allowance of compensation for professional services in the amount of \$148,890.50 (representing 1,110 consultant hours in the aggregate), and reimbursement of J. H. Albert's actual, reasonable and necessary expenses in the amount of \$2,498.55 incurred during the period March 5, 1997 through August 31, 1999. In support of this Application, J. H. Albert respectfully represents as follows:

A. BACKGROUND

1. J. H. Albert, located in Needham, Massachusetts has extensive experience and knowledge in the field of risk management and has been providing such services to clients for over thirty years. We have particular expertise in the area of bankruptcies. We have provided similar services to many organizations in Chapter 11 such as Child World, Inc., Lionel Corporation, St. Johnsbury Trucking Corp., Houbigant, Inc., Jamesway Corporation and The Wiz, Inc.

2. On July 17, 1995 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code with this Court.

3. The Debtor is currently liquidating its assets pursuant to the provisions of Chapter 11 of the Bankruptcy Code.

4. Pursuant to an order dated March 19, 1997 (the "Retention Order"), PCG Corp. was authorized to retain J. H. Albert as of March 5, 1997 in connection with insurance and risk management matters.

5. In seeking compensation in these chapter 11 cases, J. H. Albert has utilized its existing hourly rate structure in accordance with the Administrative Orders of the United States Bankruptcy Court for the Southern District of New York, dated June 20, 1991, as amended April 21, 1995, setting forth Guidelines for Fees and Disbursements for Professionals in Southern District of New York cases (the Guidelines).

B. SUMMARY OF SIGNIFICANT ACTIVITIES DURING THE PERIOD MARCH 5, 1997 TO AUGUST 31, 1999

6. This application has been prepared to highlight, in summary fashion, J. H. Albert's activities during this period. This application does not attempt to describe in detail all of the services which J. H. Albert has rendered herein, which services are fully described in the time records attached hereto.

7. The Debtor purchased Workers' Compensation, General Liability, and Automobile coverage from America International Group "AIG" for the period September 1, 1992 to October 17, 1995 on a retrospective rated insurance program. The Debtor paid cash and posted collateral in the total amount of \$7,828,298. AIG contended that the excess collateral that was posted was necessary for payment of future claims. J. H. Albert evaluated the claims and negotiated with AIG to release \$1,029,924 immediately and establish an escrow account in the amount of \$729,982, the unused portion of which is to be refunded over a period of four years.

8. The Debtor was a licensed self-insurer in the State of Kentucky for its workers' compensation liabilities during the period October 18, 1992 to October 17, 1995. As security for this license, the Debtor posted cash collateral in the amount of \$650,000, which the Department of Workers' Claims was holding to secure payment of future workers' compensation claims. J.H. Albert evaluated the claims and negotiated with AIG to assume all present and future workers' compensation liabilities of the Debtor in the State of Kentucky. The Department of Workers' Claims has returned the excess cash collateral to the Debtor in the approximate amount of \$590,000.

9. J. H. Albert has been working closely with other professionals on an ongoing basis to provide claims advisory and administration services, as requested.

B. REQUEST FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES

10. By this application, J. H. Albert seeks an allowance of compensation in the PCG Corp. proceeding for services rendered to PCG Corp. from March 5, 1997 to August 31, 1999 and reimbursement for reasonable and necessary out-of-pocket disbursements expended for the period March 5, 1997 To August 31, 1999 by J. H. Albert.

11. All risk management services for which compensation is sought herein were performed solely for and on behalf of PCG Corp. in connection with these Chapter 11 proceedings and not on behalf of any other person.

12. J.H. Albert submits that the reasonable value of its services during the period March 5, 1997 to August 31, 1999 is the sum of \$148,890.50.

13. J. H. Albert's compensation has been computed on the same general basis used in billing clients who are not involved in bankruptcy proceedings. The hourly rates for the particular professionals engaged in services herein ranged from \$175 for principal consultants, \$150 for senior consultants, \$115 for staff consultants and \$131 for loss management consultants. J.H. Albert's services to PCG Corp. during this Period required the expenditure of 1,110 hours by 9 consultants. Annexed hereto as Exhibit A is a summary of time spent by J. H. Albert, including an itemization of time spent by each consultant in J. H. Albert's office. Annexed hereto as Exhibit B are J. H. Albert's detailed time records which were recorded contemporaneously with the rendition of services and are maintained in the orderly course of J. H. Albert's business.

14. Additionally, J. H. Albert incurred a total of \$2,498.55, in actual and necessary out-of-pocket disbursements during the full period of this contract, as set forth in Exhibit C annexed hereto.

15. No agreement or understanding exists between J. H. Albert and any other person for the sharing of compensation to be received for professional services rendered in or in connection with these proceedings.

16. No previous application for the relief sought herein has been made by J. H. Albert to this or any other Court.

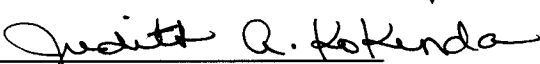
17. Due to the nature of the relief sought, J. H. Albert respectfully requests that this Court dispense with and waive the requirement for the submission of a memorandum of law contained in Rule 13(b) of the Local Bankruptcy Rules.

WHEREFORE, J. H. ALBERT respectfully requests that the Court issue and enter into an order (a) awarding it an allowance of compensation for the period March 5, 1997 to August 31, 1999 in the amount of \$148,890.50 (b) reimbursement in the amount of \$2,498.55 for J. H. Albert's out-of-pocket expenses incurred during the period March 5, 1997 to August 31, 1999.

Dated: Needham, Massachusetts
September 9, 1999

Respectfully submitted,

J. H. ALBERT INTERNATIONAL
INSURANCE ADVISORS, INC.

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