

15 Minutes With AIG's General Counsel

By **Michele Gorman**

Law360 (August 26, 2019, 12:26 PM EDT) -- When people ask Lucy Fato how she spends her time as the general counsel at AIG, she says she connects dots for others within the finance and insurance corporation.

Previously when she was the interim head of human resources, she said she was able to connect even more dots, bringing together colleagues to complete tasks more quickly and efficiently.

Fato's law career started at Davis Polk & Wardwell LLP. Before she joined AIG nearly two years ago, she held general counsel roles at Nardello & Co. and what is now S&P Global Inc.

In an interview with Law360, she shared the importance of her law firm experience, a lesson about leadership and how she helped actress Tilda Swinton win an Oscar. This interview has been edited for clarity and length.

You spent 14 years at Davis Polk. Is law firm experience needed for a general counsel?

Certainly in my case, yes, and I would say generally speaking I think law firm experience is terrific. A lot of lawyers ask me, "How long should I stay? Should I leave when I'm junior? Should I leave when I'm more senior? Should I try to become a partner?" I always tell young lawyers that I think as long as they can stick it out — because it is hard — I think the better off they'll be.

In a law firm, you work with really great lawyers, people who tend to be very good at what they do. They're there for a reason. They're successful for a reason. The volume of work you get at a law firm is really unparalleled. When you go in-house, you tend to work on a lot of different things, but you don't have the volume of big litigation or big capital markets transactions or big M&A transactions. That volume of activity and interaction with different clients, different deal teams, different industries — you learn so much and you become a real subject matter expert, not necessarily just in one area of law, but whatever you're touching.



Lucy Fato

Currently: Executive vice president and general counsel, AIG
Previously: Managing director, head of the Americas and general counsel, Nardello & Co.
Law school: University of Pittsburgh School of Law

I believe staying at Davis Polk for 14 years, becoming a partner and advising companies, advising boards, advising on strategic plans and how to execute on them, helping companies adapt to Sarbanes-Oxley really gave me a very strong foundation. When I went in-house for the first time, which was Marsh & McLennan, I was able to go in at a very senior role where I actually had some influence in the organization and had access to all of the high-level things going on in the company. I think that put me in a different place right out of the gate. Whereas if I had left earlier in my career, I would have gone into a legal department further down the chain, might have been a little bit more pigeon-holed. It might have been harder to make my way up to that more senior role.

When I went to Marsh & McLennan as the deputy general counsel and corporate secretary to the board, I had a lot of instant credibility because of my pedigree coming from a firm like Davis Polk and having done capital markets work, having advised boards. People hired me and paid me by the hour to give them advice on some of the most important things they were working on. When you go into a company and you can say, "Based on my experience, I think we should do x, y, z," you bring a lot more credibility and gravitas to the table than you otherwise would.

I do think working at a law firm is very critical to being an effective general counsel where you're advising CEOs, CFOs [chief financial officers], senior business people and boards of directors.

What's a lesson about leadership that you wish you had learned earlier in your career?

An important lesson for me is when you get into a leadership role, sometimes you don't realize the amount of influence you have and that your words matter. There are a lot of things you can do with your voice that can have a very positive influence on a company or a department or a decision-making process. I don't think I realized until I went to Marsh & McLennan and really did have a seat at the table, particularly in my corporate secretary role where I worked very closely with the board, how much influence I could have. I think a lot of times I would do things or say things or advise on things, and afterward I would say to myself, "Gee, people agreed with what I said because they trust me and I have credibility. Maybe I should have asked for more or I should have said something in addition to what I did."

I think there were a lot of times earlier in my career where I just sort of thought about things in the moment and didn't necessarily think about the bigger picture. But I learned that lesson pretty quickly.

I learned that as a leader, especially as a lawyer and a general counsel, you're someone who can connect dots for people in a way that not many other executives can. As a general counsel, you get access to a lot of information. You spend a lot of time with CEOs, CFOs, senior business leaders and in the boardroom. There aren't that many people that have access to all the information that you have. You also bring a very different lens to it as a lawyer.

What I've learned is that as one of the senior leaders, you can gather all that information and help guide people to better decision-making, not because they're not able to make good decisions on their own but they're sometimes operating in a bit of a vacuum and they're just not aware of that. If you take the time to sit with them and say, "I know you're working on this transaction or you're working on this project. I hear what you're saying, and it's great and I agree with you. But you should know we're also doing this other thing over here that could impact that."

How has the evolving role of general counsel to act more as a business partner affected your daily responsibilities at AIG?

The way I think this is impacting general counsel is our jobs have become much bigger. I think we've become much more critical players to leadership teams, meaning CEOs, CFOs, boards of directors, people running significant chunks of a business. There are a lot of issues that are legal in nature that are impacting companies and industries and informing strategies.

Cyber is a great example. It permeates everything we do. At AIG, if we're thinking about underwriting more cyber insurance, by definition you have to pull a lot of lawyers into that because there are regulations that are impacted, there are risks associated with it. Being in a highly regulated industry, everything we do comes under a lot of scrutiny. It's very hard not to bring lawyers into the mix.

I think as a general counsel, you're not necessarily the person involved, but you have to make sure you have the right expertise in your department to be able to support the business. Privacy and cyber and data protection are at the forefront. Finding good resources in legal and compliance is really hard. There's a war for talent. It's hard to find people, it's hard to extract people. It's hard to keep people because they're in such high demand. And that's just one example.

You also oversee the company's compliance and regulatory groups. How do you navigate a complex regulatory landscape?

One of the things that I'm a big believer in, and I've always worked with people that are like-minded, is that relationships are very important. You have to have good relationships with your regulators and you have to be collaborative. When you have so many different regulators, a lot of people touch them and a lot of people meet with them. The onus is on us to be working together and making sure we know who's going where, what they're saying, if we're being responsive when they're asking us for information, if we're providing information in a consistent manner. But always being fully, fully transparent and building those relationships and building trust at the end of the day. It takes time.

That's another thing that I think has made the role of the general counsel a much bigger role. You sort of set the tone with your teams on what regulatory interactions are going to look like. I'm a big believer that you want to be working cooperatively and collaboratively and building great relationships with your regulators. Inevitably, there are issues that come up or things that we have to go and self-report or things we have to talk to them about that don't work for us, in terms of what their expectations are. If you've got that relationship and the trust and the credibility, it helps facilitate better outcomes.

What's one thing that Law360 readers might not yet know about you?

When I was at Marsh & McLennan, I had a friend who was approached by Tony Gilroy, who's a famous screenwriter. He wrote "The Bourne Identity" series and he directed a movie called "Michael Clayton." George Clooney and Tilda Swinton were in it. Tilda Swinton played a lawyer in that movie. My friend called me and said, "My good friend Tony Gilroy is trying to find a lawyer who can help Tilda Swinton learn how to play a lawyer in a movie. Everything from how does she dress, how does she speak, how would her hair look, what kind of jewelry would be appropriate?" I said, "Sure, I'd be more than happy to do that."

I met with Tilda Swinton and I was basically one of the lawyers that helped her do research on how to play a lawyer in a movie. The costume designer came and asked me about what I wear. Tilda asked me

for tips. I told her that she absolutely had to have a manicure. She was very dismayed because she didn't like to get manicures, but I said I always have manicures because I think it makes you look a little more polished. I taught her how to use a BlackBerry, which at the time is what everybody used. I spent a fair amount of time with her.

When the movie came out, she dressed kind of the way I was dressed when I met her. She had a manicure. She had a BlackBerry. And she won an Oscar for that role ... I always like to tell people that I helped Tilda Swinton win an Oscar.

--Editing by Rebecca Flanagan.