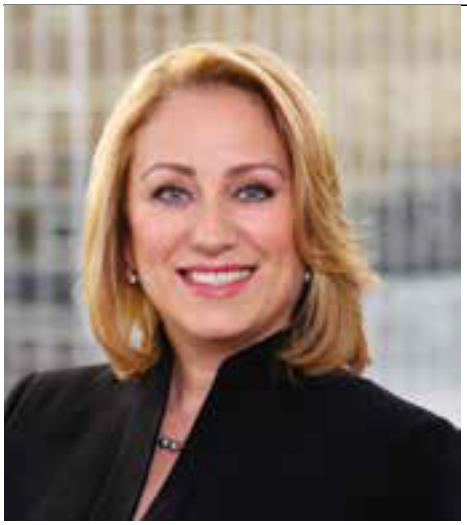
The Right Legal Mindset

Interviews and Profiles



Lucy Fato

EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL

AIG

NEW YORK CITY, NY

Some lawyers quickly forget the lessons they learned in law school. Lectures on litigation, textbooks on torts, and classes on constitutional law fade if they're not your specialization. Instead, the holistic experience of law school is designed to form a distinct legal mindset. For AIG Executive Vice President and General Counsel Lucy Fato, the overarching lesson she recalls is simple: "Keep your moral compass in the right place." It's a mantra that influences every aspect of her life, inside and outside of work.

At AIG, a global insurance company operating in 80 countries, Fato leverages her experience in legal, compliance, and regulatory matters to manage these global departments and uses her legal mindset to help guide the board and C-suite in making ethical decisions for the company. One of her top priorities as general counsel? Having a seat at the table. In fact, she refuses to work at a company where she wouldn't report to the CEO. "If you're in a company, particularly a public company, where you don't have a seat at the table," she warns, "that's a very significant red flag."

That direct line to the CEO sets the tone at the top and helps to prevent a company from becoming embroiled in ethical scandals, according to Fato. At some startups, for example, the GC reports to a CFO instead of the CEO, hindering the legal department's ability to monitor and ensure that all applicable laws and regulations are being followed. As a result, ethical issues can arise as these startups grow and expand. Similarly, Fato insists that those in control functions (e.g., legal, compliance, and regulatory) report up and directly into the general counsel. She is amenable to certain senior roles also having a dotted lined into a business unit leader, but ultimately final decision-making authority should reside with the general counsel after taking business leaders' views into account.

In addition to advocating for access to the C-suite, Fato advises against becoming too specialized: “The longer you stay in one area, the harder it is to make a move somewhere else where you have to learn a new practice area from scratch.” This mindset helped her when AIG tapped her to be the interim head of HR a year after she joined the company while they searched for a permanent leader.

Although she doesn’t have a background in HR, Fato’s years as a generalist helped her to transition into this 10-month role. In fact, Fato notes that legal typically overlaps a fair amount with departments like HR because of the transferrable knowledge set. For example, as an in-house counsel, she advised on hiring and terminating employees, managed noncompetes and nonsolicitations, and oversaw employment lawyers and employee relations matters.

When she led AIG’s HR department, Fato helped recruit staff across AIG who had the skills needed to build a strong team. She worked closely with employees to “connect the dots” — learning their stories to see how they fit into the organization. When Fato returned to her general counsel role full time, she created a narrative from these stories so that her fellow decision-makers could better understand, and thereby improve, how the company works on a granular level.

Getting to know… Lucy Fato

WHAT’S YOUR FAVORITE MOVIE, TV SHOW, OR BOOK THAT’S ABOUT LAW?

When I was in law school, I read a book called Simple Justice, written by Richard Kluger. It’s the story of Brown v. Board of Education, the landmark US Supreme Court case about segregation. The book is extraordinarily well written, fascinating, and inspiring. It’s all about the civil rights movement and how this case played into it, and it teaches you a lot about the court system, the legal system, and the Supreme Court. The outcome was basically, this is the right thing to do.

YOU’RE ON THE BOARD OF A LOT OF NONPROFITS, LIKE ADVOCATES FOR CHILDREN OF NEW YORK, RANDALL’S ISLAND PARK ALLIANCE, AND COALITION FOR THE HOMELESS. YOUR LEGAL DEPARTMENT AT AIG ALSO VOLUNTEERS FOR STREET LAW. DESCRIBE THE WORK THAT YOU DO WITH STREET LAW.

It’s a great organization. Street Law works with kids who are in high school and educates them about careers in the legal profession. They partner with in-house legal departments and law firms. Lawyers and other legal professionals go into the schools and talk to the kids about being a lawyer, paralegal, legal assistant, or compliance officer. It’s a way to introduce the legal profession in high school so the students have more awareness of job opportunities before they go off to college.

WHAT DO YOU DO IN YOUR FREE TIME?

When I have free time! I’m married and I have two young girls, who are seven-and-a-half and nine. I try to spend as much time with them as I can when I’m not working. When I have time after all that, I try to make time to exercise. I find the older you get, the more important it is to do something where you’re active. I do SoulCycle and Pilates, which I love because I find it very relaxing even though it’s hard. This past year I’ve been trying to learn how to play golf, which is a huge challenge.

This narrative is essential to Fato as she works on AIG 200, the company's multiyear transformational program that both celebrates the company's 100-year anniversary and blueprints how it will operate in the next century. (Coincidentally, this interview occurred on her two-year anniversary at AIG.) Fato has been heavily involved in the project, including "working on internal and external communications about the program, and assisting with writing earnings scripts, all helping to tell the story about what's going on [at AIG]." The overall objectives of AIG 200 are to modernize the company's infrastructure, streamline workflows, improve customer and employee experiences, and make AIG a more unified and top performing company.

Getting her bearings straight

Thanks to her finely tuned moral compass as a general counsel, Fato was named one of Ethisphere Magazine's "Attorneys Who Matter" twice, once in 2015 and 2017. But Fato didn't always plan to be an attorney. As a double major in business and economics at the University of Pittsburgh, she worked part-time at a local department store, Kauffman's, helping customers apply for credit cards. Initially, she aspired to continue her career in retail and earn her MBA.

Fato had "never stepped foot in a courtroom or even known a lawyer," until she reconnected with her sister's high school friend, a public defender in Pittsburgh. The friend asked her if she considered being a lawyer and nudged her to shadow her for a day. That day inspired her to pursue a dual JD-MBA degree at the University of Pittsburgh. After finishing the program's first year, which was solely in the law school, she became "enamored with the law" and decided to focus solely on earning her JD. For 14 years, she worked at Davis Polk & Wardell LLP, including five years as a capital markets partner, before pivoting in-house.

Following a regulatory crisis involving then-New York Attorney General Eliot Spitzer, the professional services firm Marsh & McLennan Companies Inc. (MMC) needed help reshaping its board and improving its governance structure, among other things. MMC Executive Vice President and General Counsel Peter Beshar enlisted Fato as deputy general counsel and corporate secretary because he knew that she was very involved in advising corporate clients on these and other corporate issues at Davis Polk & Wardell LLP.

After nine years at MMC, Fato moved on to her first general counsel role at McGraw Hill Financial (now known as S&P Global). In this role, her primary focus was on resolving complex litigation and regulatory matters from the financial crisis. Many people said it would take years to resolve all of these matters, but Fato wrapped everything up in six months. She attributes much of this success to the fact that she wasn't a litigator or regulatory lawyer, and instead "approached [the settlement process] like a transaction" by bringing people together from different government agencies and understanding what it would take to achieve a global settlement. During those six months, she created friendships with people on the government side who still laud her work.

Fostering strong relationships is the bedrock of Fato's momentous career. While she was at MMC, Fato was inducted into YWCA-NYC Academy of Women Leaders, a network of high-achieving women who were nominated by their employers for their outstanding work. At MMC, she formed lifelong bonds with several colleagues and peers, many of whom she considers "allies." Like mentors and sponsors, Fato says allies offer career advice, but they also "go beyond that and are more of a support system helping you navigate your career and get the recognition you deserve."

For Fato, these are the relationships where you can converse openly about professional, personal, or even family matters. These are the people to invest in; and AIG made a sound investment in hiring

Fato — one that will have a high return when they plan AIG 300. ACC

Karmen Fox

Web Content Editor

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