

Employer Liability Exclusion Coverage Update

December 1, 2025

Employer Liability Exclusion – 11th Circuit (Alabama Law)

Babwari v. State Farm Fire and Cas. Co.

No. 24-11396, 2025 WL 3295798 (11th Cir. Nov. 26, 2025)

The U.S. Court of Appeals for the Eleventh Circuit held that the employer liability exclusion in a general liability policy applied to preclude coverage for an employee who was robbed and shot while leaving work.

Amanali Babwari (Babwari) worked as a clerk in a convenience store owned by Pit Stop Grocery (Pit Stop). After his shift ended, Babwari was walking to the designated employee parking area when he was robbed at gunpoint and then shot nine times. At the time of the robbery and shooting, Babwari was off the clock and no longer working.

Babwari filed a lawsuit against Pit Stop for negligence and wantonness for failing to provide reasonable security. Pit Stop maintained a general liability insurance policy with State Farm Fire and Casualty Company (State Farm), which initially defended Pit Stop under a reservation of rights, but later withdrew the defense. Pit Stop subsequently settled with Babwari and entered into a consent judgment with no designation of which claims supplied the basis for liability.

Babwari then proceeded to collect on the consent judgment from State Farm. State Farm argued that there was no “occurrence” and that exclusions for expected or intended conduct, for liability arising out of employment, and for willful and malicious or criminal acts of the insured applied to preclude coverage. The trial court ruled that the negligence claim provided the basis for liability for the consent judgment “[b]y process of elimination,” that no exclusion applied to preclude coverage. The trial court then entered summary judgment in favor of Babwari. State Farm appealed.

The appellate court reversed the trial court’s decision, holding that the employer’s liability exclusion applied to preclude coverage. “The employer’s liability exclusion bars coverage of injuries ‘arising out of and in the course of’ the ‘[e]mployment by the insured’ or the ‘[p]erform[ance] [of] duties related to the conduct of the insured’s business.’” The appellate court reasoned that an employer’s general liability policy is meant to provide coverage with respect to the employer’s liability to the general public, not liability to employees. “The employer’s liability exclusion preserves this distinction and prevents a ‘duplication of the coverage provided under a Workers’ Compensation and Employers Liability policy.’”

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The appellate court reasoned that Babwari's injuries arose out of his employment because there was a causal connection between his employment and his injuries since he was leaving work when the assault occurred. The appellate court further stated that Babwari's injuries were incurred in the course of his employment because they occurred on premises maintained by the employer while he was leaving work. While he was off duty at the time of the assault, "Alabama law recognizes an exception for injuries sustained immediately before or after work at 'parking lot[s] owned and maintained by [the] employer.'" On these bases, the appellate court reversed and remanded with instructions to enter summary judgment in favor of State Farm.

By: Patrick Winters