RLI CORP Form 4 January 11, 2011

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

OMB APPROVAL OMB

3235-0287 Number:

January 31, Expires: 2005

Estimated average burden hours per 0.5 response...

Check this box if no longer subject to Section 16. Form 4 or Form 5

obligations

may continue.

See Instruction

SECURITIES Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,

Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * STONE MICHAEL J			2. Issuer Name and Ticker or Trading Symbol RLI CORP [RLI]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
(Last)	(Last) (First) (Middle)		3. Date of Earliest Transaction	(2		
9025 N. LINDBERGH DRIVE			(Month/Day/Year) 12/30/2010	Director 10% Owner Officer (give titleX Other (specify below) President RLI Insurance Compan		
(Street)			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		
PEORIA, IL 61615			Filed(Month/Day/Year)			

,								Person		
(City)	(State)	(Zip) Ta	ble I - N	Non-	-Derivativ	e Sec	urities Ac	equired, Disposed	of, or Benefi	icially Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8) (A) or			d of (D) 5)	5. Amount of Securities Ownership Beneficially Form: Owned Direct (D) Following or Indirect Reported (I) Transaction(s) (Instr. 4) (Instr. 3 and 4)		7. Nature of Indirect Beneficial Ownership (Instr. 4)	
Common Stock	12/30/2010		Code	V V	Amount 400	(D)	Price \$ 52.73	94,074.0464	D (1)	
Common Stock	01/04/2011		G	V	400	D	\$ 52.45	93,674.0464	D (1)	
Common Stock	01/10/2011		G	V	200	D	\$ 52.68	93,474.0464	D (1)	
Common Stock								17,544.6985	I	By Empl. Stock Ownership Plan (2)
								20,900.8331	I	By Trust (1)

Edgar Filing: RLI CORP - Form 4

Common Stock										
Common Stock						4,111.7774	I	M. J. Stone Grantor Retained Annuity Tr (M1)		
Common Stock						11,364.4	I	M.J. Stone Grantor Retained Annuity Tr (M3)		
Common Stock						5,768.06	I	M.J. Stone Grantor Retained AnnuityTru (M2)		
Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number. SEC 1474 (9-02) Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned										
		(e.g.,]	puts, calls, warrants	s, options, c	onvertible	securities)				
1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactic Code (Instr. 8)	5. onNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	s I		Securities		
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option	\$ 28.08 (3)					05/06/2005	05/06/2014	Common Stock	20,000	
Stock Option	\$ 37.54 (3)					05/05/2006(4)	05/05/2015	Common Stock	30,000	

Stock

Option

\$ 43.15

(3)

27,500

31,500

Common Stock

05/04/2007(4) 05/04/2016

05/03/2008(4) 05/03/2017

8. De Se (Ir

Edgar Filing: RLI CORP - Form 4

Stock Option	\$ 49.09 (3)		Common Stock	
Stock Option	\$ 43 (3)	05/01/2009 <u>(4)</u> 05/01/2018	Common Stock	34,000
Stock Option	\$ 39.9 (3)	05/07/2010 ⁽⁴⁾ 05/07/2017	Common Stock	32,000
Stock Option	\$ 49.34 (3)	05/06/2011 <u>(4)</u> 05/06/2018	Common Stock	6,000
Stock Option	\$ 49.2 (3)	08/02/2011 <u>(4)</u> 08/02/2018	Common Stock	6,000
Stock Option	\$ 50.26 (3)	11/01/2011 <u>(4)</u> 11/01/2018	Common Stock	6,000

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

STONE MICHAEL J

9025 N. LINDBERGH DRIVE

PEORIA, IL 61615

President RLI Insurance Compan

Signatures

/s/ Michael J.

Stone 01/11/2011

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Ownership reflects dividend reinvestment.
- (2) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (3) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.
- Pursuant to option schedule wherein 20% of the aggregate number of shares granted may be exercised commencing one year from grant date and each year thereafter in 20% increments.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

Reporting Owners 3