

RLI CORP
Form 4
July 27, 2011

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF 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

(Print or Type Responses)

1. Name and Address of Reporting Person *
MICHAEL JONATHAN E

(Last) (First) (Middle)
9025 N. LINDBERGH DRIVE
(Street)

PEORIA, IL 61615

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
RLI CORP [RLI]

3. Date of Earliest Transaction (Month/Day/Year)
07/25/2011

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
President

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	07/25/2011		M	60,000 A \$ 28.08	273,527.1194	D ⁽¹⁾	
Common Stock	07/25/2011		F	39,896 D \$ 65.65	233,631.1194	D ⁽¹⁾	
Common Stock					78,079.481	I	By Empl. Stock Ownership Plan ⁽³⁾
Common Stock					42,673.2603	I	By Key Employee Benefit

Common Stock	17,219.8206	I	Plan ⁽¹⁾ By Trust ⁽¹⁾
Common Stock	5,724.721	I	J.E. Michael 2009 Grantor Retained Annuity Trust Dtd 02/24/09

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible 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. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Stock Option	\$ 28.08 ⁽²⁾	07/25/2011		M	60,000	05/06/2005 05/06/2014	Common Stock 60,000
Stock Option	\$ 37.54 ⁽²⁾					05/05/2006 05/05/2015	Common Stock 45,000
Stock Option	\$ 43.15 ⁽²⁾					05/04/2007 ⁽⁴⁾ 05/04/2016	Common Stock 10,500
Stock Option	\$ 40.44 ⁽²⁾					08/04/2007 ⁽⁴⁾ 08/04/2016	Common Stock 10,500
Stock Option	\$ 47.04 ⁽²⁾					11/03/2007 ⁽⁴⁾ 11/03/2016	Common Stock 10,500
Stock Option	\$ 49.21 ⁽²⁾					02/02/2008 ⁽⁴⁾ 02/02/2017	Common Stock 10,500
Stock Option	\$ 49.09 ⁽²⁾					05/03/2008 ⁽⁴⁾ 05/03/2017	Common Stock 10,500

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Stock Option	\$ 49.67 <u>(2)</u>	08/03/2008 ⁽⁴⁾	08/03/2017	Common Stock	10,500
Stock Option	\$ 49.03 <u>(2)</u>	11/02/2008 ⁽⁴⁾	11/02/2017	Common Stock	10,500
Stock Option	\$ 48.41 <u>(2)</u>	02/01/2009 ⁽⁴⁾	02/01/2018	Common Stock	10,500
Stock Option	\$ 43 ⁽²⁾ <u>(2)</u>	05/01/2009 ⁽⁴⁾	05/01/2018	Common Stock	10,500
Stock Option	\$ 47.36 <u>(2)</u>	08/01/2009 ⁽⁴⁾	08/01/2018	Common Stock	10,500
Stock Option	\$ 49.73 <u>(2)</u>	11/03/2009 ⁽⁴⁾	11/03/2018	Common Stock	10,500
Stock Option	\$ 49.89 <u>(2)</u>	02/02/2010 ⁽⁴⁾	02/02/2019	Common Stock	10,500
Stock Option	\$ 39.9 ⁽²⁾ <u>(2)</u>	05/07/2010 ⁽⁴⁾	05/07/2017	Common Stock	9,750
Stock Option	\$ 43.49 <u>(2)</u>	08/03/2010 ⁽⁴⁾	08/03/2017	Common Stock	9,750
Stock Option	\$ 42.9 ⁽²⁾ <u>(2)</u>	11/02/2010 ⁽⁴⁾	11/02/2017	Common Stock	9,750
Stock Option	\$ 44.62 <u>(2)</u>	02/01/2011 ⁽⁴⁾	02/01/2018	Common Stock	9,750
Stock Option	\$ 49.34 <u>(2)</u>	05/06/2011 ⁽⁴⁾	05/06/2018	Common Stock	8,500
Stock Option	\$ 49.2 ⁽²⁾ <u>(2)</u>	08/02/2011 ⁽⁴⁾	08/02/2018	Common Stock	8,500
Stock Option	\$ 50.26 <u>(2)</u>	11/01/2011 ⁽⁴⁾	11/01/2018	Common Stock	8,500
Stock Option	\$ 55.28	02/01/2012 ⁽⁴⁾	02/01/2019	Common Stock	8,500
Stock Option	\$ 58.73	05/05/2012 ⁽⁴⁾	05/05/2019	Common Stock	15,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MICHAEL JONATHAN E 9025 N. LINDBERGH DRIVE PEORIA, IL 61615	X		President	

Signatures

/s/ Jonathan E.
Michael

07/27/2011

 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) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.
- (3) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (4) 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.

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