

RLI CORP  
Form 4  
November 02, 2010

**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 \*  
STONE MICHAEL J

(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)  
11/01/2010

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  10% Owner  
\_\_\_\_ Other (specify below)  
President RLI Insurance Compan

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 Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock                    |                                      |  |                                | (A) or (D)  | 104,474.0464  | D <sup>(2)</sup>   |   |
| Common Stock                    |                                      |  |                                | (A) or (D)  | 15,418.8115   | I  | By Empl. Stock Ownership Plan <sup>(3)</sup>          |
| Common Stock                    |                                      |  |                                | (A) or (D)  | 18,381.6529   | I  | By Trust <sup>(2)</sup>                               |
| Common Stock                    |                                      |  |                                | (A) or (D)  | 3,618.1174  | I  | M. J. Stone Grantor Retained                          |

|                 |          |   |   |
|-----------------|----------|---|---|
| Common<br>Stock | 5,075.55 | I | Annuity Trust<br>(M1)<br><br>M.J. Stone<br>Grantor<br>Retained<br>Annuity Trust<br>(M2) |
|-----------------|----------|---|---|

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

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4. Transaction<br>Code<br>(Instr. 8) | 5. Number<br>of Derivative<br>Securities<br>Acquired<br>(A) or<br>Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount of<br>Underlying Securities<br>(Instr. 3 and 4) |                  |                    |                 |                                     |
|---|--|---|---|--------------------------------------|---|--|---|------------------|--------------------|-----------------|-------------------------------------|
|   |  |   |   | Code                                 | V   | (A)  | (D)   | Date Exercisable | Expiration<br>Date | Title           | Amount<br>or<br>Number<br>of Shares |
| Stock<br>Option                                     | \$ 57.26   | 11/01/2010                              |   | A                                    | 6,000   | 11/01/2011 <sup>(1)</sup>                                      |   | 11/01/2018       |                    | Common<br>Stock | 6,000                               |
| Stock<br>Option                                     | \$ 35.08   |   |   |                                      |   | 05/06/2005   |   | 05/06/2014       |                    | Common<br>Stock | 20,000                              |
| Stock<br>Option                                     | \$ 44.54   |   |   |                                      |   | 05/05/2006 <sup>(1)</sup>                                      |   | 05/05/2015       |                    | Common<br>Stock | 30,000                              |
| Stock<br>Option                                     | \$ 50.15   |   |   |                                      |   | 05/04/2007 <sup>(1)</sup>                                      |   | 05/04/2016       |                    | Common<br>Stock | 27,500                              |
| Stock<br>Option                                     | \$ 56.09   |   |   |                                      |   | 05/03/2008 <sup>(1)</sup>                                      |   | 05/03/2017       |                    | Common<br>Stock | 31,500                              |
| Stock<br>Option                                     | \$ 50  |   |   |                                      |   | 05/01/2009 <sup>(1)</sup>                                      |   | 05/01/2018       |                    | Common<br>Stock | 34,000                              |
| Stock<br>Option                                     | \$ 46.9  |   |   |                                      |   | 05/07/2010 <sup>(1)</sup>                                      |   | 05/07/2017       |                    | Common<br>Stock | 32,000                              |
| Stock<br>Option                                     | \$ 56.34   |   |   |                                      |   | 05/06/2011 <sup>(1)</sup>                                      |   | 05/06/2018       |                    | Common<br>Stock | 6,000                               |
|   | \$ 56.2  |   |   |                                      |   | 08/02/2011 <sup>(1)</sup>                                      |   | 08/02/2018       |                    |                 | 6,000                               |

Stock  
Option

Common  
Stock

## Reporting Owners

| Reporting Owner Name / Address                                 | Relationships                          |
|--|--|
|  | Director   10% Owner   Officer   Other |
| STONE MICHAEL J<br>9025 N. LINDBERGH DRIVE<br>PEORIA, IL 61615 | President RLI Insurance Compan         |

## Signatures

|                                    |            |
|------------------------------------|------------|
| /s/ Michael J.<br>Stone            | 11/02/2010 |
| **Signature of<br>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) 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.
- (2) Ownership reflects dividend reinvestment.
- (3) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.

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