RLI CORP Form 4 July 26, 2011

FORM 4

OMB APPROVAL

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

OMB Number: 3235-0287

Check this box if no longer subject to Section 16.

Expires: January 31, 2005

10% Owner

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Estimated average burden hours per response... 0.5

5. Relationship of Reporting Person(s) to

(Check all applicable)

Issuer

Director

Form 4 or Form 5 obligations may continue. See Instruction

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

2. Issuer Name and Ticker or Trading

Symbol

RLI CORP [RLI]

(Month/Day/Year)

3. Date of Earliest Transaction

1(b).

(Last)

(Print or Type Responses)

1. Name and Address of Reporting Person *

(First)

(Middle)

DONDANVILLE JOSEPH E

9025 N. LINDBERGH DRIVE		*	(2011	X_ Officer (give title Other (specify below)			
	(Street)		nendment, Date Original (onth/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person			
PEORIA, II	L 61615			Form filed by More than One Reporting Person			
(City)	(State)	(Zip) Tal	ble I - Non-Derivative Securities Ac	quired, Disposed o	of, or Benefici	ally Owned	
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year) 07/25/2011	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 Code V Amount (D) Price G V 300 D	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)	
Stock Common Stock	07/23/2011		G V 300 D 65.65		I	By Empl. Stock Ownership Plan	
Common Stock				10,388.3651	I	By Trust (1)	
Common Stock				12,276	I	By Wife in Trust	

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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. Transactic Code (Instr. 8)	5. onNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)			7. Title and A Underlying S (Instr. 3 and A	Securities	3 3 ((
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option	\$ 37.54 (2)					05/05/2006	05/05/2015	Common Stock	10,000	
Stock Option	\$ 43.15 (2)					05/04/2007(3)	05/04/2016	Common Stock	17,500	
Stock Option	\$ 49.09 (2)					05/03/2008(3)	05/03/2017	Common Stock	18,000	
Stock Option	\$ 43 (2)					05/01/2009(3)	05/01/2018	Common Stock	5,000	
Stock Option	\$ 47.36 (2)					08/01/2009(3)	08/01/2018	Common Stock	5,000	
Stock Option	\$ 49.73 (2)					11/03/2009(3)	11/03/2018	Common Stock	5,000	
Stock Option	\$ 49.89 (2)					02/02/2010(3)	02/02/2019	Common Stock	5,000	
Stock Option	\$ 39.9 (2)					05/07/2010(3)	05/07/2017	Common Stock	4,700	
Stock Option	\$ 43.49 (2)					08/03/2010(3)	08/03/2017	Common Stock	4,700	
Stock Option	\$ 42.9 (2)					11/02/2010(3)	11/02/2017	Common Stock	4,700	
Stock Option	\$ 44.62 (2)					02/01/2011(3)	02/01/2018	Common Stock	4,700	
						05/06/2011(3)	05/06/2018		4,000	

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Stock Option	\$ 49.34 (2)		Common Stock	
Stock Option	\$ 49.2 (2)	08/02/2011 <u>(3)</u> 08/02/2018	Common Stock	4,000
Stock Option	\$ 50.26 (2) (3)	11/01/2011 11/01/2018	Common Stock	4,000
Stock Option	\$ 55.28	02/01/2012 <u>(3)</u> 02/01/2019	Common Stock	4,000
Stock Option	\$ 58.73	05/05/2012 ⁽³⁾ 05/05/2019	Common Stock	4,000

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

DONDANVILLE JOSEPH E 9025 N. LINDBERGH DRIVE PEORIA, IL 61615

Senior Vice President/CFO

Signatures

/s/ Joseph E. 07/26/2011 Dondanville

**Signature of Reporting Date
Person

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) 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