

RLI CORP  
Form 4  
December 22, 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 \*  
Kliethermes Craig W

(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)  
12/20/2011

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)  
VP, Actuarial RLI Insurance Co

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)
				(A) or (D) Price			
Common Stock	12/20/2011		M	2,000 A \$ 34.9	7,108.763	D <sup>(1)</sup>	
Common Stock	12/20/2011		F	1,280 D \$ 73.53	5,828.763	D <sup>(1)</sup>	
Common Stock					2,631.8926	I <sup>(5)</sup>	By Esop
Common Stock					4,616.1427	I <sup>(1)</sup>	By Executive Deferred Comp

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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 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	\$ 34.9 <sup>(3)</sup> <u>(4)</u>	12/20/2011		M	2,000	05/07/2010 <sup>(2)</sup>	05/07/2017	Common Stock	2,000
Stock Option	\$ 44.09 <sup>(3)</sup> <u>(4)</u>					05/03/2008 <sup>(2)</sup>	05/03/2017	Common Stock	9,000
Stock Option	\$ 38 <sup>(3)</sup> <u>(4)</u>					05/01/2009 <sup>(2)</sup>	05/01/2018	Common Stock	11,000
Stock Option	\$ 44.34 <sup>(3)</sup> <u>(4)</u>					05/06/2011 <sup>(2)</sup>	05/06/2018	Common Stock	13,000
Stock Option	\$ 53.73 <u>(3)</u>					05/05/2012 <sup>(2)</sup>	05/05/2019	Common Stock	18,000

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director 10% Owner Officer Other

Kliethermes Craig W  
9025 N. LINDBERGH DRIVE  
PEORIA, IL 61615

VP, Actuarial RLI Insurance Co

## Signatures

/s/ Craig W.  
Kliethermes

12/22/2011

\*\*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) 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.
- (3) Stock Option grant price adjusted to reflect \$5 RLI extraordinary dividend declared 11/17/11.
- (4) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.
- (5) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.

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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