

RLI CORP
Form 4
May 08, 2006

FORM 4

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

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**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

OMB APPROVAL

OMB
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(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)
05/04/2006

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 ____X____ Other (specify
below) below)

President RLI Insurance Compan

6. Individual or Joint/Group Filing(Check
Applicable Line)
X 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)	31,345.9675 (1)	D	
Common Stock				Code V Amount (D) Price	12,395.1137 (2)	I	By Empl. Stock Ownership Plan
Common Stock					16,922.3205 (3)	I	By Trust

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
Option	\$ 15.9063							05/06/2000	05/06/2009	Common Stock	20,000
Stock Option	\$ 13							05/01/1998	05/01/2007	Common Stock	10,500
Stock Option	\$ 15.7813							05/04/2001	05/04/2010	Common Stock	28,000
Stock Option	\$ 20.05							05/03/2002	05/03/2011	Common Stock	30,000
Stock Option	\$ 21.1							05/07/1999	05/07/2008	Common Stock	13,838
Stock Option	\$ 29.335							05/02/2003	05/02/2012	Common Stock	48,000
Stock Option	\$ 29.55							05/01/2004	05/01/2013	Common Stock	40,000
Stock Option	\$ 35.08							05/06/2005	05/06/2014	Common Stock	40,000
Stock Option	\$ 44.54							05/05/2006	05/05/2015	Common Stock	30,000
Stock Option	\$ 50.15	05/04/2006		A		27,500		05/04/2007 ⁽⁴⁾	05/04/2016	Common Stock	27,500

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
STONE MICHAEL J 9025 N. LINDBERGH DRIVE	President RLI Insurance Compan

PEORIA, IL 61615

Signatures

Michael J Stone

05/08/2006

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).
- (4) Pursuant to option schedule wherein 20% of the aggregate number of shares granted may be exercised commencing 05/04/07, & each year thereafter in 20% increments.
- (1) Ownership reflects dividend reinvestment.
- (3) Ownership reflects dividend reinvestment.
- (2) 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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