

RLI CORP  
Form 4  
December 11, 2006

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**VIETS ROBERT O**

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
**401 WATER STREET, UNIT 404**  
  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
**12/08/2006**

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

**PEORIA, IL 61602**

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

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

(City) (State) (Zip)

**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					3,449.631	D	
Common Stock					32,202.2047 (1)	I	By Trust
Common Stock	12/08/2006		M	1,500 A	\$ 13.95 21,703	I	K. Viets, Trustee of ROV Florida Intangible Trust
Common Stock	12/08/2006		M	1,500 A	\$ 19.6 23,203	I	K. Viets, Trustee of

Common Stock	4,215.8874 <sup>(2)</sup> I	ROV Florida Intangible Trust  ROV IRA Rollover
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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)	8. D S (I
				Code	V (A) (D)	Date Exercisable      Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 16.5938					02/01/2000    02/01/2009	Common Stock	3,000
Stock Option	\$ 22.7					02/01/2001    02/01/2011	Common Stock	3,600
Stock Option	\$ 22.75					02/01/2003    02/01/2012	Common Stock	1,800
Stock Option	\$ 27.51					02/03/2003    02/03/2013	Common Stock	1,800
Stock Option	\$ 40.39					02/02/2004    02/02/2014	Common Stock	3,600
Stock Option	\$ 13.95	12/08/2006		M	1,500	02/03/1998    02/03/2007	Common Stock	1,500
Stock Option	\$ 19.6	12/08/2006		M	1,500	02/02/1999    02/02/2008	Common Stock	1,500

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
VIETS ROBERT O 401 WATER STREET UNIT 404 PEORIA, IL 61602	X			

## Signatures

Robert O Viets	12/11/2006
<u>    </u> 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) Ownership reflects 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. 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.