

RLI CORP
Form 4
February 08, 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)
02/02/2010

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)
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	02/02/2010		J ⁽⁴⁾	V 5,000 D \$ 0	99,976.0464	D ⁽¹⁾	M.J. Stone Grantor Retained Annuity Trust (M2)
Common Stock	02/02/2010		J ⁽⁴⁾	V 5,000 A \$ 0 5,000		I	M. J. Stone Grantor Retained Annuity Trust (M1)
Common Stock	02/02/2010		J ⁽⁵⁾	V 1,542 D \$ 0 3,564.2674		I	

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Common Stock	02/02/2010		J ⁽⁵⁾	V	1,542	A	\$ 0	101,518.0464	D ⁽¹⁾	
Common Stock								14,742.9125	I	By Empl. Stock Ownership Plan ⁽²⁾
Common Stock								18,108.5157	I	By Trust ⁽¹⁾

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. Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 46.9					05/07/2010 ⁽³⁾	05/07/2017	Common Stock	32,000
Stock Option	\$ 50					05/01/2009 ⁽³⁾	05/01/2018	Common Stock	34,000
Stock Option	\$ 56.09					05/03/2008 ⁽³⁾	05/03/2017	Common Stock	31,500
Stock Option	\$ 50.15					05/04/2007 ⁽³⁾	05/04/2016	Common Stock	27,500
Stock Option	\$ 44.54					05/05/2006 ⁽³⁾	05/05/2015	Common Stock	30,000
Stock Option	\$ 35.08					05/06/2005	05/06/2014	Common Stock	40,000

Reporting Owners

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

Signatures

/s/ Michael J.

Stone

02/08/2010

 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 shares allocated to ESOP participant's account and dividend reinvestment.
- (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.
- (4) Shares transferred from M.J. Stone to the M.J. Stone Grantor Retained Annuity Trust (M2)
- (5) Shares transferred from the M.J. Grantor Retained Annuity Trust (M1) to M.J. Stone

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.