**RLI CORP** Form 4 April 07, 2011

# FORM 4

### **OMB APPROVAL**

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

January 31, Expires: 2005 Estimated average

Form 4 or Form 5 obligations **SECURITIES** 

burden hours per 0.5 response...

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 may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1. Name and Addr STONE MICH	*	ng Person *	2. Issuer Name <b>and</b> Ticker or Trading Symbol RLI CORP [RLI]	5. Relationship of Reporting Person(s) to Issuer  (Check all applicable)			
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	(Check an applicable)			
9025 N. LINDBERGH DRIVE			(Month/Day/Year) 01/03/2011	Director 10% Owner Officer (give titleX Other (specify below)  President RLI Insurance Compan			
(Street)			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check			
PEORIA, IL 61	1615		Filed(Month/Day/Year)	Applicable Line) _X_ 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 onAcquired (A) or Disposed of (D) (Instr. 3, 4 and 5)  (A) or Amount (D) Price		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	01/03/2011			V		D	\$0	2,325.7774	I	M. J. Stone Grantor Retained Annuity Trust (M1)	
Common Stock	01/03/2011		J(2)	V	1,786	A	\$0	95,860.0464	D (1)		
Common Stock	03/18/2011		J <u>(3)</u>	V	1,385	D	\$0	4,383.06	I	M.J. Stone Grantor Retained AnnuityTrust (M2)	

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Common Stock	03/18/20	11	J <u>(3)</u>	V	1,385	A	١	\$0	97,245.0464	D (1)		
Common Stock	ı								18,002.4541	I	By Empl. Stock Ownership Plan (4)	
Common Stock	l								21,010.0572	I	By Trust (1)	
Common Stock	ı								11,364.4	I	M.J. Stone Grantor Retained Annuity Tru (M3)	ust
Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.  Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.  SEC 1474  (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 Da any (Month/Day/		4. Transac Code (Instr. 8	tio	of Der Sec Acc (A) Dis of ( (Ins	rivative curities quired or posed	Expiration Date (Month/Day/Year			
					Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 37.54 ( <u>6)</u>				Code	V	(A)	(D)	Date Exercisable 05/05/2006 <u>(5)</u>	Date	Title  Common Stock	or Number
					Code	V	(A)	(D)		Date 05/05/2015	Common	or Number of Shares
Option Stock	(6) \$ 43.15				Code	V	(A)	(D)	05/05/2006(5)	Date 05/05/2015 05/04/2016	Common Stock Common	or Number of Shares 30,000
Option Stock Option Stock	(6) \$ 43.15 (6) \$ 49.09				Code	V	(A)	(D)	05/05/2006 <u>(5)</u> 05/04/2007 <u>(5)</u>	Date 05/05/2015 05/04/2016 05/03/2017	Common Stock Common Stock	or Number of Shares 30,000 27,500

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Stock Option	\$ 49.34 (6)	05/06/2011 <sup>(5)</sup> 05/06/2018	Common Stock	6,000
Stock Option	\$ 49.2 (6)	08/02/2011 <sup>(5)</sup> 08/02/2018	Common Stock	6,000
Stock Option	\$ 50.26 (6)	11/01/2011 <u>(5)</u> 11/01/2018	Common Stock	6,000
Stock Option	\$ 55.28	02/01/2012 <u>(5)</u> 02/01/2019	Common Stock	6,000

Other

Officer

## **Reporting Owners**

Relationships Reporting Owner Name / Address Director

10% Owner

STONE MICHAEL J 9025 N. LINDBERGH DRIVE **PEORIA, IL 61615** 

President RLI Insurance Compan

**Signatures** 

/s/ Michael J.

Stone 04/07/2011 \*\*Signature of Date Reporting 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) Shares transferred from the M.J. Stone Grantor Retained Annuity Trust (M-1) to M.J. Stone.
- (3) Shares transferred from the M.J. Stone Grantor Retained Annuity Trust (M-2) to M.J. Stone.
- (4) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- Pursuant to option schedule wherein 20% of the aggregate number of shares granted may be exercised commencing one year from grant **(5)** date and each year thereafter in 20% increments.
- (6) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.

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.

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